

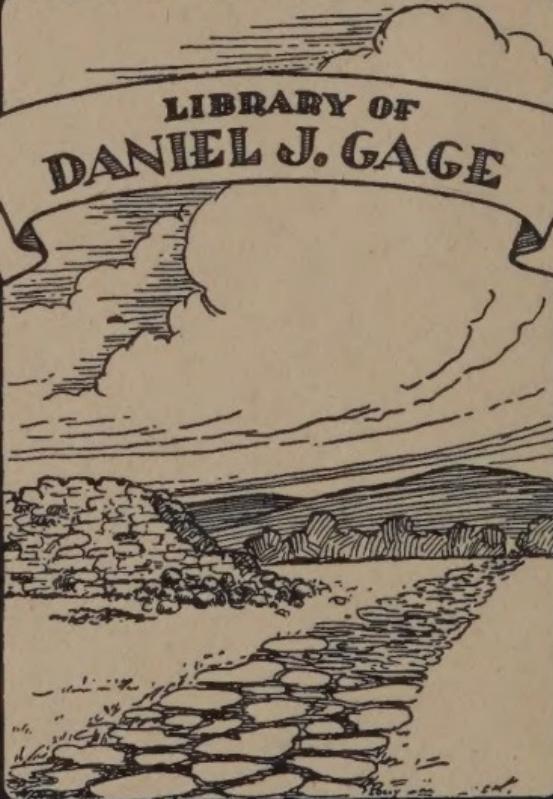
IMPERIALISM
THE STATE AND
REVOLUTION
—
NIKOLAI LENIN



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What Shall Endure?

Great roads the Romans built, that men might meet,
And walls to keep strong men apart - secure;
Now centuries have gone, and in defeat
The walls have fallen, but the roads endure.

Ethelyn Miller Hartwich

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SOLIDARITY OF LABOUR

EUROPE

AUST

Imperialism

The State and Revolution

By N. LENIN



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THE MAN (1870-1924):

Nikolai Lenin (Vladimir Ilyitch Ulianov), founder of the Bolshevik Party and chief figure of the Russian Revolution of November, 1917, was the son of a school superintendent in Simbirsk, Russia. In 1895 Lenin organized the "Union for the Liberation of the Working Class," whereupon he was arrested, imprisoned for two years, and then exiled to Siberia. His term of exile over, he went abroad where, except for a short period during the 1905 Revolution, he remained until 1917. During these years he devoted himself to revolutionary activities, writing and publishing periodicals and books. It was Lenin who, in 1903, caused the split in the Russian Socialist Party into Bolsheviks and Mensheviks. In April, 1917, Lenin returned to Russia and began a vigorous propaganda as head of the Bolshevik Party. His militant leadership in the November revolution and his astute statesmanship in directing the Soviet government until his death in 1924 are matters of common knowledge.

THE BOOKS:

IMPERIALISM (1916) was written while Lenin was in exile in Switzerland. In this essay he examines the economic nature of imperialism, "the characteristic feature of our era," which he calls "the eve of Socialist revolution." He criticizes the opportunist Socialists as the betrayers of Socialism for their stand on the question of annexations.

THE STATE AND REVOLUTION (1917) is a scholarly exposition of the teachings of Marx and Engels on the State, and a criticism of the distortion of these teachings by the opportunists. The writing of the book was interrupted by the November Revolution, and Lenin was forced to postpone the completion of it in order to devote his time to active leadership. As he says in his Afterword, "It is more pleasant and more useful to live through the experience of a revolution than to write about it."

P R E F A C E

THE booklet that we here present to our readers was written at Zurich in the spring of 1916. In the working conditions that were then imposed on us, I was naturally without a certain amount of English and French scientific literature and a great deal of Russian literature. However, I made use of the chief English work on Imperialism, J. A. Hobson's book, with all the care that it deserves.

This booklet was written under the censorship of autocracy. Thus I was forced to confine myself strictly to a theoretical analysis, mainly economic, of facts, and only to express the small number of indispensable political observations with the greatest caution, by way of allusions in that "Æsopian" language—in that cursed "Æsopian" language—to which Tsarism forced revolutionaries to have recourse, whenever they took up their pens in order to undertake a "legal" work.*

Now that the days of liberty have come, it is hard to read again these pages, mutilated by fear of the imperial censorship, gripped and crushed in a vice of iron. Of how imperialism is the eve of the Socialist revolution; of how social-Chauvinism (Socialism in words, Chauvinism in deeds), is the betrayal of Socialism, a complete crossing over to the side of the bourgeoisie; of the manner in which the division of the working class movement corresponds to the existing situation of Imperialism, I have had to speak in a slavish tongue, and to-day I must direct the reader who is interested in these questions to the collection of my articles published abroad from 1914 to 1917, and now in the press, entitled *Against the Stream*.

There is need, however, to point out the inadequacy in this pamphlet of a passage at the end of Chapter IX, in which, in

* "Æsopian" was the term applied to the allusive and round-about style adopted in "legal" publications by revolutionaries in order to avoid words which would attract the notice of the police. Thus, instead of "Social-Democrat" they wrote "consistent Marxist."

P R E F A C E

order to show, in a guise acceptable to the censors, the cynical trickery of the capitalists, as well as of the jingo Socialists gone over to their service (and whom Kautsky opposes with so much inconsistency) in the question of annexations; in order to show with what cynicism they justify the annexations of their capitalists, I was forced to put forward as an example—Japan. The careful reader will easily substitute Russia for Japan, and Finland, Poland, Estonia, Khiva, Bokhara or other countries peopled by non-Russians for Corea.

I would hope that this little book will help the reader to understand the fundamental economic question, without the study of which modern war and politics are unintelligible—to be more precise, the question of the economic nature of Imperialism.

THE AUTHOR.

Petrograd, April 26th, 1917.

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IMPERIALISM: THE LAST STAGE
OF CAPITALISM

INTRODUCTORY

DURING the last ten or fifteen years, especially since the Spanish-American War (1898) and the Anglo-Boer War (1899-1902), the economic and political literature of the two hemispheres has studied more and more often the notion of imperialism as a characteristic feature of our era. In 1902 a book by the English economist, J. A. Hobson, *Imperialism*, was published in London and New York. This author, who adopts the point of view of social reform and pacifism, identical in the end with the present-day point of view of K. Kautsky, gives an excellent description of the chief economic and political characteristics of imperialism.

In 1910, there appeared at Vienna the work of the Austrian Marxist, Rudolf Hilferding, *Finance Capital*. In spite of a mistake on the part of the author in the theory of money, and in spite of his tendency to conciliate Marxism and opportunism, this work is a very valuable attempt at a theoretical analysis, as its sub-title tells us, of "the latest phase of capitalist development." Indeed, what has been said of imperialism during the last few years, especially in a great many newspaper and review articles, what was said about it in the resolutions of the Socialist Congresses at Chemnitz and Basle (Autumn, 1912), has scarcely gone beyond the ideas put forward, or, more exactly, summed up by the two writers mentioned above.

We are going to attempt to show, briefly and in the simplest way, the connection between and the reciprocal relations of the *chief* economic features of capitalism. We shall not pause on aspects of the question, other than economic, whatever their importance.

IMPERIALISM

CHAPTER I

CONCENTRATION OF PRODUCTION AND MONOPOLY

THE enormous development of industry and the extremely rapid concentration of production in ever larger enterprises constitute one of the most characteristic peculiarities of capitalism. Modern industrial statistics give us complete and exact information on this evolution.

In Germany, for example, for each 1,000 industrial enterprises, the important ones, employing more than 50 salaried officials, numbered three in 1882; five in 1895; nine in 1907: and out of every 100 workmen there fell to their share at these same dates, 22, 30 and 37 respectively. Concentration of production, however, is much more intense than that of manual labor, since the work of the great enterprises is much more productive. This is shown to us by the figures available about steam engines and electric motors. If we consider what is called in Germany industry "in the wide meaning of the term," that is, including commerce, transport, etc., we get the following picture.

Big enterprises:—30,588 out of a total of 3,265,623, that is to say, 9 per cent. These big enterprises employ 5,700,000 workmen out of a total of 14,400,000, that is, 39.5 per cent.; they use 6,600,000 horse power out of a total of 8,800,000, that is, 75 per cent., and 1,200,000 kilowatts of electricity out of a total of 1,500,000, that is, 80 per cent.

Less than a hundredth of the enterprises possess three-fourths of the steam and electric power of German industry. 2,197,000 small enterprises (employing up to five workmen) constituting 91 per cent. of the total number, receive only 7 per cent. of the driving power, electric and steam. A few

tens of thousands of big enterprises are everything; millions of small ones are nothing.

In 1907, there were in Germany 586 establishments employing over a hundred workers. They held a tenth (1,380,000) of the manual labor, and almost a third (32 per cent.) of the driving power. Finance-capital and the banks make this superiority of the biggest enterprises, as we shall see, still more crushing, in the most literal sense of the word, since millions of employers, small, average, and even great are in reality attached completely to some hundreds of millionaire financiers.

In another advanced country of modern capitalism, the United States, concentration of production is still greater. Here statistics deal with industry in the narrow sense of the word, and group enterprises according to the size of their annual output. In 1904 there were in the United States, 1,900 enterprises (out of 216,180, that is 0.9 per cent.) with an annual output valued at more than a million dollars. They employed 1,400,000 workers (out of 5,500,000, i.e., 25.6 per cent.), and their annual output was valued at \$5,600,000,000 (out of \$14,800,000,000, i.e., 38 per cent.). Five years later, in 1909, the corresponding figures were:

Big enterprises: 3,060 out of 268,491, i.e., 1.1 per cent;

Employing: 2,000,000 workers out of 6,610,000, i.e.,

30.5 per cent.;

Producing: \$9,000,000,000 out of \$20,700,000,000, i.e.,

43.8 per cent.

Almost half of all the production of all the enterprises of the country was carried on by one-hundredth of those enterprises. Also, these 3,000 giant enterprises include 258 branches of industry. From this it can be seen that concentration of production, at a certain stage, approaches very nearly to monopoly. For some tens of enterprises can easily act in concert, whilst on the other hand, the difficulty of competition and the tendency to monopoly arise precisely from the importance of enterprises. This transformation of competition into monopoly is one of the most important—if not the most important—phenomena of modern capitalist economy, and we must pause a moment to consider it. But first we must clear up one possible misunderstanding.

American statistics say: 3,000 giant enterprises and 250 branches of industry, as if there were only a dozen of the biggest enterprises for each branch of industry. But it is not so. There are not big enterprises in every branch of industry; and, moreover, a very important characteristic of capitalism in its highest stage of development is the "combine," that is to say, the grouping in a single enterprise of different branches of industry, which represent either the different stages in the working of a raw material (for example, the melting of iron ore, the making of steel, the manufacture of different steel articles), or which are auxiliary to one another (for example, the utilization of waste, or of secondary products, the manufacture of packing, etc.).

"Combination," writes Hilferding, "levels out the fluctuations of trade and assures the combined enterprise of a more stable rate of profit. In the second place, it does away with trading. Thirdly, it gives opportunity for technical improvements, and consequently for new profits, which other enterprises have not got. Finally, it strengthens the productive power of the combined enterprise compared with that of others, it increases its capacity for competition in periods of depression when the fall in prices of raw materials does not keep pace with the fall in price of manufactured articles."

The German bourgeois economist, Heymann, who has devoted a work to the description of mixed, that is, combined, enterprises in the German iron industry, says: "Single enterprises perish, crushed by the high price of raw material and the cheapness of manufactured articles." We see the following spectacle: "There remain, on the one hand, the great coal companies, producing some millions of tons yearly, strongly bound together in their syndicates, and on the other the great combined steel works, narrowly allied to the coal mines, and with their own steel syndicate. These great enterprises, producing 400,000 tons of steel per year, fabulous quantities of ore and of coal, enormous quantities of steel articles, employing 10,000 workers quartered near the factories, sometimes owning their own ports and railroads, are typical of the German iron industry. And concentration continues. Enterprises are becoming larger and larger. An ever-increasing number of enterprises, belonging to one or to several indus-

tries, are joining together in giant combines, to which half a dozen Berlin banks serve as supports and guides. In the German mining industry, the truth of the teaching of Karl Marx on the concentration of capital is plainly shown. It is true that this concerns a country the industry of which is protected by tariffs and transport duties. The German mining industry is ripe for expropriation." Such is the conclusion to which a conscientious bourgeois economist has been led. Let us remark that he seems to consider Germany to be an exceptional case, in view of her system of protective tariffs. But this system has only hastened the concentration of industry and the formation of monopolies, combines, cartels and industrial syndicates. It is extremely important to realise that in a free trade country, in England, concentration also leads to monopoly, although a little later and perhaps in another form. The following is what Professor Herman Levy writes, in his work on *Monopolies, Trusts and Combines*, in which the latest data on British economic development are taken into account:

"In Great Britain a tendency to monopoly is contained in the very size of undertakings and in their high technical development. On the one hand, concentration makes necessary the investment in an enterprise of enormous capital. And so new enterprises, having to conform to very considerable financial requirements, are very difficult to launch. On the other hand—and this seems to be more important—every new enterprise which aims at reaching the level of the giants of industry, which are created by concentration, must produce such a tremendous quantity of goods that their profitable sale is only possible if there is a great increase in demand. If this is not the case, the super-abundance of products will lower prices to a level which is unprofitable for the new factory, and also for the old manufacturing syndicates."

In England, monopolist factory syndicates, combines and trusts are established most frequently—unlike countries in which protective tariffs facilitate their appearance—when the number of competing enterprises is reduced "to some two dozen or so." "The influence of concentration on the birth of monopolies in big industry here appears to us as clear as crystal."

Fifty years ago, when Marx was writing *Capital*, free com-

petition appeared to most economists to be a natural law. The official economists tried to kill, by a conspiracy of silence, the works of Marx which showed, by means of a theoretical and historical analysis of capitalism, that free competition gives rise to the concentration of production, which, in turn, at a certain stage of development, leads to monopoly. Nowadays, monopoly has become a fact. The economists are piling up volumes to describe the diverse manifestations of monopoly, and are continuing to declare in chorus that "Marxism is refuted." But facts are obstinate things, as the proverb says, and, whether it suits or not, they must be reckoned with. The facts show that differences between capitalist countries, e.g., in the matter of protection or free trade, only give rise to insignificant variations in the form of monopolies or in the moment of their appearance; and that the birth of monopolies, as the result of the concentration of production, is a general and fundamental law of contemporary capitalist development.

For Europe, the time when the new capitalism was definitely substituted for the old can be established fairly precisely: it is the beginning of the twentieth century. In one of the most recent publications on the formation of monopolies, we read: "Until 1860 a few isolated examples of capitalist monopoly could be cited: in these could be discovered the beginnings of conditions that have now become customary: but they all undoubtedly represent the prehistoric age of cartels. The real beginning of the monopoly system of the present day goes back at the earliest to 1860. The first important period of development of monopoly commenced with the international decline of industry from 1870 and lasted until just after 1890." "If we examine the question from a European point of view, the end of the development of free competition occurred in the decade 1860-1870. Then it was that England completed the construction of its capitalist edifice in the old style. In Germany, this organization had entered on a decisive struggle with craftsmanship and with domestic industry, and had commenced to make for itself its own forms of existence."

"The great change commenced with the financial crash of 1873, or more exactly, with the ensuing depression, which

—after an interruption scarcely noticeable, in 1880 and the following years, and with a re-awakening, remarkably vigorous, but short-lived about 1889—filled twenty-two years of the economic history of Europe. During the short period of boom from 1889-1890, the system of cartels was widely used to take advantage of the favorable conditions. But this short-sighted policy raised prices even quicker and higher than if there had been no cartels, and nearly all these cartels perished ingloriously in the financial smash. Five years of bad trade and low prices followed, but a new spirit reigned in industry: the depression was not considered as something to be taken for granted: in it was seen no more than a phase before a new era of prosperity.

"The movement of 'cartels' entered into its second phase: they have no longer transitory appearances. Cartels have become one of the basic principles of economic activity. One after another they win the realms of production, and first and foremost the working up of raw materials. At the beginning of 1890, the system of cartels had already acquired in the constitution of the coke syndicate—on the pattern of which was created the coal syndicate—a technique which it never surpassed. The remarkable development of industry at the close of the nineteenth century and the crisis of 1900-1903, followed each other—in the mining and iron industries at least—entirely under the ægis of cartels. And if then it appeared something novel, it has now become evident to the social consciousness that important parts of economic activity are, as a general rule, no longer in the domain of free competition."

Thus, the principal stages in the history of monopolies are the following:

1. 1860-1870, the highest, final stage of development of free competition: the beginnings of monopoly may just be discerned.
2. After the crisis of 1873, a period of wide development of cartels, still unusual and transitory: they constitute a transient phenomenon.
3. The boom at the end of the nineteenth century and the crisis of 1900-1903. Cartels become one of the basic features of economic activity. Capitalism has become imperialist.

Cartels come to agreement on the conditions of sale, terms of payment, etc. They divide the markets amongst themselves. They fix the quantity of products. They fix the prices. They divide the profits, etc. The number of cartels in Germany was estimated at about 250 in 1896; at 385 in 1905, about 12,000 firms participating. But it is generally recognized that these figures are under-estimations. The data of German, 1907, statistics, which we have cited above, show that even 12,000 of the most important firms most certainly comprise more than a half of the mechanical power (steam and electricity) of the country.

In the United States, the number of trusts grew in 1900 to 185, in 1907 to 250. American statistics divide all enterprises into three categories, according to whether they belong to individuals, to firms, or to corporations. These last possessed in 1904, 23.6 per cent., and in 1909, 25.9 per cent. (*i.e.*, more than a quarter) of the sum total of industrial concerns. They employed in 1904, 70.6 per cent. and in 1909, 75.6 per cent. (*i.e.*, more than three-quarters) of the total of wage-earners. Their production amounted at these two dates, respectively to \$10,900,000,000, and to \$16,300,000,000, *i.e.*, to 73.7 per cent. and to 79 per cent. of the total amount of American production.

Cartels and trusts comprise fairly often seven or eight-tenths of the total production of one branch of industry. The Rhine-Westphalian Coal Syndicate at its foundation in 1893, had the disposal of 86.7 per cent. of the whole coal production of the area. In 1910, it already held 95.4 per cent.

The monopoly so created assures enormous profits, and leads to the formation of combined units of production of a formidable magnitude. The famous American petrol trust, the Standard Oil Company, was founded in 1900: "Its capital amounted to \$150,000,000. It issued 100,000,000 ordinary shares and 106,000,00 preference shares. These latter earned successively from 1900 to 1907, the following dividends: 48, 48, 45, 44, 36, 40, 40, 40 per cent., *i.e.*, in all \$341,000,000. From 1900 to 1907, the Standard Oil Company realized \$889,000,000 profits, of which \$606,000,000 were distributed in dividends, and the rest went to swell the

reserve capital." "In all the different enterprises of the steel trust (the United States Steel Corporation) of the United States, in 1907, there were employed no less than 210,180 workmen and other employees. The most important firm of the German mining industry, the Mining Federation of Gelsenkirchen (*Gelsenkirchner Bergwerksgesellschaft*) employed, in 1908, 46,000 wage earners." In 1902, the American steel trust produced 9,000,000 tons of steel in one year. Its production constituted in 1901, 66.3 per cent., and in 1903, 56.1 per cent. of that of the whole of the United States. Its extraction of mineral ore grew from 43.3 per cent. to 46.3 per cent. in the course of the same years.

The report of the American government commission on trusts said: "Their superiority over their competitors finds its cause in the enormous dimensions of their enterprises and in their remarkable technical efficiency. Since its inception, the tobacco trust has devoted all its efforts to the substitution of mechanical for manual labor. With this end in view, it bought all the patents bearing on the preparation of tobacco and spent enormous sums. There were many patents of no use as they stood, which the engineers of the trust had to study and modify. At the end of 1906, two subsidiary companies were constituted solely to acquire patents. With the same object in view, the trust built its machine shops, casting shops and repair shops. One of these establishments, that at Brooklyn, employs 300 workmen; there experiments are carried out on machines for making cigarettes, cheroots, smoking tobacco, tin sheets for packing, boxes, etc. Inventions are perfected there."

"Other trusts employ engineers specially charged with the continued development of technique ("developing engineers"). They invent and experiment with technical improvements and new methods of production. The steel trust grants to its workmen and engineers high bonuses on all inventions suitable for improving machinery or for lessening waste in production."

The improvement of machinery in big German industry, e.g., in the chemical industry, which has enormously developed during these last few decades, has been assured by the same means. In 1908, the concentration of production had caused

to emerge in this industry two groups which tended to monopoly. First, there were the "dual alliances" of two pairs of big factories, each having a capital of from 20 to 21 million marks: on the one hand, the former Meister factory at Holst and the Kassele factory at Frankfort-on-Main; and on the other hand the aniline and soda factory at Ludwigshafen and the former Bayer factory at Elberfeld. In 1905, one of these groups, and in 1908 the other one, each concluded a separate agreement with yet another factory; the result being two big industrial "triple alliances," each provided with a capital of from 40 to 50 million marks. And these two triple groups are beginning to come close to one another, to make arrangements about prices, etc. (In June, 1916, the newspapers announced the establishment of a big trust embracing the whole of the German chemical industry.)

Competition turns into monopoly. The result is an immense process of socialization of production. More especially does the process of technical invention and improvement become socialized.

There is no longer the old type of free competition between factory managers, scattered and out of touch with one another, and producing for an unknown market. Concentration has arrived at such a point that it is becoming possible to make an approximate inventory of all sources of raw material (such as all the mineral deposits of a country, and even, as we shall see, of several countries or of the whole world). Not only is such an inventory made, but the sources are seized by gigantic monopolist alliances. An approximate inventory of markets is also made, and the trusts divide them up amongst themselves by contract. Skilled labor is monopolized, the best engineers are engaged; monopoly seizes the means of transport—railways in America, shipping companies in Europe and America. Capitalism, in its imperialist phase, arrives at the threshold of the complete socialization of production. To some extent it causes the capitalists, whether they like it or no, to enter a new social order, which marks the transition from free competition to the socialization of production. Production becomes social, but appropriation remains private. The social means of production remain the private property of a few. The framework of nominally free competition re-

mains, and the yoke of a few monopolists on the rest of the population becomes a hundred times heavier, burdensome and intolerable.

The German economist, Kestner, has devoted a work to the struggle between the cartels and the "private firms," i.e., between the cartels and the enterprises outside the cartels. He entitled his work: *The Constraint to Organization*, although what he should have said was "constraint to submission to associations of monopolists." It is edifying to glance over this book, even if only for the list of the most modern and cultivated means used by the monopolies to constrain the "organization" of the recalcitrant enterprises.

They are as follows:

- (1) Depriving of raw materials ("one of the most important means of compelling adhesion to the cartel");
- (2) Depriving of labor by the method of "alliances" (i.e., by agreements between the employers and workers to the effect that the latter will only accept work in trustified enterprises);
- (3) Depriving of local means of transport;
- (4) Closing of trade outlets;
- (5) Agreements with the buyers, to the effect that these latter will enter into commercial relations with the cartels only.
- (6) The systematic lowering of prices to ruin competing enterprises not amalgamated with the monopolies. Millions are spent in order to sell all products for a certain time below their cost price (the price of benzine was thus lowered from 40 to 22 marks);
- (7) Suppression of credits.
- (8) Boycott.

We are now dealing no longer with competition between small and big industry, or between technically developed and backward enterprises. We see here the monopolies throttling those which do not submit to their yoke, to their dictation. The following is the way in which this process is reflected in the intelligence of a bourgeois economist:

"Even in the purely economic sphere," writes Kestner, "a certain displacement is being produced from commercial

activity in the old sense of the word towards organization and speculation. The greatest success no longer goes to the merchant whose technical and commercial experience enables him to best estimate the needs of the buyer, and to discover, to some extent, latent demand, but it goes to the speculative genius (?) who knows how to estimate in advance or even only to sense the development of organization and the possibilities of a linking-up between individual enterprises and the banks."

Let us translate into ordinary human language. This means that the development of capitalism has arrived at such a stage that, although the production of goods continues to be regarded as the basis of economic life, it has in reality fallen away, and the big profits go to the "genius" of financial manœuvres. Behind these combinations and these clever manipulators we see the socialization of production; but the immense progress thus attained by humanity only profits a small minority of speculators. We shall see later on how the reactionary, petty bourgeois critique of capitalist imperialism dreams "on this basis" of taking a step *to the rear*, of a return to "free," "peaceful" and "honest" competition.

"The continued raising of prices," says Kestner, "which results from the formation of combines, has hitherto only been observed in relation to the most important means of production, such as coal, iron and potassium, and has never been remarked in relation to manufactured products. The consequent increase in profits has similarly only applied to the industries which produce means of production. This observation yet has to be completed in the sense that industry operating with raw materials (not semi-finished goods) does not confine itself to obtaining big profits through the trusts to the detriment of industry using semi-manufactured materials, but into the bargain it has acquired, with regard to this latter, a *dominating position*, which did not exist in the age of free competition."

The words which we have italicized show the essential feature; that which the bourgeois economists recognize so rarely and so unwillingly, that which the modern defenders of opportunism especially Kautsky, will not see, and will by no means mention.

The dominating position of big capital and amount of pressure which it can bring to bear—this is the most typical fact in the “modern phase of capitalist development”; this is what must inevitably result, and does result, from the formation of all-powerful economic monopolies.

Let us give one more example of the power of monopolies. It is particularly easy to form cartels and monopolies when it is possible to seize all the sources of raw materials, or at least the most important. It would be wrong, however, to think that monopolies do not arise in other industries in which it is impossible to conquer the sources of raw materials.

The cement industry, for instance, can find its raw materials everywhere. Yet in Germany it is strongly trustified. The factories have formed regional syndicates: Southern Rhine-Westphalian, etc. Prices are those of monopoly: 230 to 280 marks a truckload (on a cost price of 180 marks). The enterprises give a dividend of from 12 per cent. to 16 per cent.—and let us not forget that the “geniuses” of modern speculation know how to pocket big profits besides those that they draw by way of dividends. Now, in order to drive away competition from such a profitable industry, the monopolists have recourse to sundry stratagems. For example, they spread disquieting rumors about the situation of their industry. They publish in their newspapers unsigned notices such as the following: “Investors, don’t place your capital in the cement industry!” They buy up private factories (those outside the trusts) and pay them indemnities of 60, 80 to 150 thousand marks.

Everywhere monopoly clears its path without scruple as to the means used; beginning by the payment of a modest indemnity, and even going so far as to use dynamite—in the American fashion—against a competitor.

The statement that combines do away with crises is only a tale for the marines, used by bourgeois economists who set out to justify capitalism at all costs. On the contrary, when monopoly appears in *certain* branches of industry, it increases and intensifies the chaos proper to capitalist production *as a whole*. The disparity between the development of agriculture and that of industry, which is already a characteristic of capitalism, becomes increased. The privileged position of the

most highly trustified industry (*i.e.*, heavy industry, especially coal and iron) has the effect of bringing about, in other branches of production, "a still greater lack of concerted organization"—as it is called by Jeidels, who is the author of one of the best works on *The Attitude of the Great German Banks to Industry.*"

"The more the economic system is developed," writes Liefmann, one of the most vigorous defenders of capitalism, "the more attention is given to risky enterprises or enterprises abroad, to those which need a great deal of time to develop, or finally to those which are only of local importance."

The increase of risk is connected in the long run with the prodigious increase of capital, which, as it were, overflows, flows abroad, etc., in one way or another. At the same time the extremely rapid rate of technical progress gives rise more and more to disturbances of equilibrium, to disproportion, crisis and chaos in the various spheres of economic life.

Liefmann is obliged to admit: "Very probably humanity may expect important technical revolutions in the near future. They will not fail to influence the national economic organization." Such are electricity and aviation. "As a general rule, speculation becomes greatly developed during times of radical economic change."

Crises of every kind—economic crises most frequently, but not only these—in turn increase very considerably the tendency to concentration of capital and to the formation of monopolies. In this connection the following reflections are quite edifying. They are those of M. Jeidels on the crisis of 1900, which was, as we have already seen, the turning-point in the history of the monopolies:

"The crisis of 1900 found, side by side with giant enterprises in the principal branches of production, also many enterprises with an organization which was out of date, according to prevailing ideas: they were 'pure,' that is to say, not combined: enterprises that the wave of a favorable set of economic circumstances had brought to the surface. The fall in prices and the lessening of demand drove these uncombined enterprises into a precarious position which did not affect the big enterprises at all, or only affected them for a very short time. This is why the crisis of 1900 called, much more than

that of 1873 had done, for the concentration of production. The crisis of 1873 also had operated as a kind of selection of the soundest enterprises; but, given the level of technical development at that time, this selection could not lead the firms which came out of the crisis victorious, into a position of monopoly. It is just such a lasting monopoly, and in a very high degree, which belongs to the gigantic enterprises in the iron and electrical industries today; and this is due to their extremely complicated technical processes, to the completeness of their organization and the power of their capital. To a lesser extent, the machine-building industry and certain branches of engineering and transport are in the same position.”

Monopoly: this is the last word in the “most recent phase of capitalist development.” But we shall only have a very insufficient, incomplete, and poor notion of the real power and role of present-day monopolies, if we do not take into consideration the part played by the banks.

CHAPTER II

THE BANKS AND THEIR NEW ROLE

THE first and most fundamental function of banks is to serve as an intermediary in payment. In so doing they transform inactive capital into active capital, that is, into capital producing a profit; and, collecting all kinds of revenues, they put them at the disposal of the capitalists.

In proportion as banking operations develop, and as they become concentrated in a small number of establishments, the banks become transformed, and instead of being modest go-betweens they become powerful monopolies dealing with almost all capital, and with almost all capitalists (and small proprietors); and similarly dealing with the biggest part of the means of production and of the sources of raw materials of a country or of several countries. The transformation of numerous little intermediary concerns into a handful of monopolists constitutes one of the essential elements of the change from capitalism to capitalist imperialism. And so we must begin by dwelling on this question.

In 1907-08, the deposits of all the German private banks (joint stock companies), which handled a capital of more than a million marks, amounted to 7,000 million marks, while in 1912-1913 they amounted to 9,800 million marks. They had thus increased by 40 per cent. in five years. Let us add that, of the 2,800 million increase, 2,750 million was divided amongst 57 banks with a capital of more than 10 million marks. The distribution of the deposits between big and small banks was as follows:

Percentage of the Total Deposits

	In the big Berlin banks (9)	In the 48 other banks with a capital of more than 10 millions	In 115 banks with a capital from 1 to 10 millions	In the small banks with a capital less than 1 million
1907-08.....	47 p.c.	32.5 p.c.	16.5 p.c.	4 p.c.
1912-13.....	49 p.c.	36 p.c.	12 p.c.	3 p.c.

The small banks are being eliminated by the big banks, of which nine concentrate in their own hands almost half the total deposits. And we do not consider here many important details, for instance, the transformation of numerous small banks into dependents on the big ones. Of this we shall speak later on.

At the end of 1913, Schulze-Gaevernitz valued the deposits in the nine big Berlin banks at 5,100 million marks, out of a sum total of 10,000 million marks. Taking into consideration not only the deposits, but also the capital of these banks, the same author wrote: "At the end of 1909, nine big Berlin banks, together with the establishments *linked up* with them, handled 11,300 million marks, that is, about 83 per cent. of the total banking capital of Germany. The *Deutsche Bank*, which, together with the banks under its control, handles nearly three milliards of marks, constituted with the Prussian State Railways the biggest and also the most decentralized accumulation of capital in the Old World."

We have emphasized the word "linked-up" as applied to certain banks, for it has relation to one of the most important characteristics of modern capitalist concentration. Big enterprises, especially the banks, not only absorb small ones, but they attach or subordinate them to themselves. They cause them to enter into their groups, or their *concerns* (to use the technical term) by "participating" in their capital, by purchasing or exchanging shares, by controlling them through a system of credits. Professor Liefmann has devoted an important work of about 500 pages to a description of modern companies of financial "participation." He has, unfortunately, added to these data theoretical reflections of a very poor quality. We obtain a better idea of the results, from the point of view of the concentration of capital, which issue from the system of participation, in a book by the financier, Riesser, on the big German banks. But before examining these data, let us quote an example of the system of "participation."

The *Deutsche Bank* group is one of the most important, if not the most important, of such groups. In order to see at a glance the principal ties which bind together all the banks in this group, it is necessary to distinguish between partici-

pations of the first, second and third degree, or what amounts to the same thing, between dependence (of the lesser establishments on the *Deutsche Bank*) in the first, second and third degree. We then obtain the following table:

THE "DEUTSCHE BANK" PARTICIPATES:

	I CONSTANTLY	II FOR AN INDEFINITE PERIOD	III OCCASIONALLY	IV ALTOGETHER (Total)
1st degree	{ in 17 banks	in 5 banks	in 8 banks	in 30 banks
2nd degree	{ of which 9 participate in 34 others		of which 5 participate in 14 others	of which 14 participate in 48 others
3rd degree	{ of which 4 participate in 7 others		of which 2 participate in 2 others	of which 6 participate in 9 others

Included in the eight banks dependent in the first degree, there are three foreign banks: one Austrian and two Russian. Altogether, the *Deutsche Bank* group comprises, directly and indirectly, partially and totally, no less than 87 banks; and the sum total of capital—its own and others'—which it handles varies between two and three milliard marks.

It is obvious that a bank at the head of such a group, and entering into relation with a half dozen other groups, which yield little to it in magnitude, for big and profitable enterprises such as State borrowings, is no longer a mere intermediary for payment of transactions, but has reached the stage of being an alliance of a small number of monopolizers.

The following data, which we borrow in an abridged form from Riesser, will show how rapidly banking concentration was effected in Germany at the end of the 19th and the beginning of the 20th centuries:

Six big German banks had:

In the years	Branches in Germany	Savings Bank and Exchange Offices	Participation in other banks (by shares)	Total No. of Establishments
1895.....	16	14	1	42
1900.....	21	40	8	80
1911.....	104	276	63	450

We thus see the rapid extension of the network of financial canals which cover the whole country, centralizing all capital and all sources of revenue, transforming hundreds of scattered economic enterprises into a national capitalist unity, then into an international capitalist unity. The decentralization that Schulze-Gaevernitz speaks of in the passage previously quoted (this author being an exponent of bourgeois political economy), consists in the subordination to one single centre of an increasing number of enterprises which were formerly autonomous or rather of a strictly local importance. In reality there is centralization, an increase in the importance and power of the monopolies.

In the older capitalist countries this "banking network" is still more fine in mesh. In Britain (including Ireland), in 1910, there were 7,151 branches of banks. Four big banks had each more than 400 of these (from 447 to 689); four had more than 200 branches; and eleven more than 100.

In France, the three most important banks (*the Crédit Lyonnais*, *the Comptoir Nationale d'Escompte* and *the Société Générale*), extended their operations and their network of establishments in the following manner.

Year	NUMBER OF BRANCHES & OFFICES			Capital belonging to the banks (millions fr.)	Deposits (not belonging to them) in millions
	i. In Paris	ii. In the provinces	Total		
1870	17	47	64	200	427
1890	66	192	258	265	1,245
1909	196	1,033	1,229	887	4,363

In order to give an idea of the business relations of a big modern bank, Riesser gives some figures on the number of letters that it dispatches and receives. The *Disconto Gesellschaft*, one of the most important banks in Germany and in the world, the capital of which amounted to 300,000,000 marks in 1914, had a correspondence the size of which is indicated by the following figures:

	Letters received	Letters dispatched
1852.....	6,135	6,292
1870.....	85,800	87,513
1900.....	533,102	626,043

In 1875 the *Crédit Lyonnais* (Paris) had 28,535 open accounts. In 1912 it had 633,539.

These figures show, better than long explanations, how the concentration of capital and the extension of business is radically altering the importance which must be assigned to the banks. Thanks to them, scattered capitalists are now forming a collective capitalist unity. In running the current account of a certain number of capitalists, the bank may seem to be undertaking only a technical process; but when these operations assume extensive proportions, the result is that a handful of monopolists control all the operations, both commercial and industrial, of capitalist society. They can, by means of their banking connections, by means of knowing the state of current accounts, by means of knowing financial operations, first ascertain exactly the position of isolated capitalists, then control them, act on them by restricting their credits or, on the contrary, by extending them; at length they can entirely determine their fate, deprive them of capital, or, on the other hand, permit them to increase their capital to enormous proportions, etc.

We have just mentioned the 300,000,000 marks capital of the *Disconto Gesellschaft*, of Berlin. The increase of the capital of this bank to this high figure was one of the incidents of the struggle for hegemony between two of the biggest Berlin banks—the *Disconto* and the *Deutsche Bank*.

In 1870, the *Disconto*, a new enterprise, only had a capital of 15,000,000 marks, while that of the *Deutsche Bank* was as much as 30,000,000.

In 1908, the first had already amassed 200,000,000; while the second only had 170,000,000. In 1914, the *Disconto* raised its capital to 250,000,000 and the *Deutsche Bank*, by absorbing a very important bank, the *Union of Schaffhausen*, raised its capital to 300,000,000. This struggle for the upper hand between the two banks, naturally, goes on side by side with a series of agreements between them which become more and more frequent and lasting.

This development of banking leads specialists in the study of banking questions, who view economic questions from a standpoint which in no way goes beyond the bounds of moderate and careful bourgeois reformism—to the following conclusions:

"The other banks will follow this example," wrote the German review, *Bank*, on the subject of the raising of the capital of the *Disconto Gesellschaft* to 300,000,000 marks—"and the three hundred financiers who to-day govern Germany economically, will gradually be reduced to fifty, twenty-five, or less still. It cannot be expected that this move to concentration will be confined to banking. The close relations between certain banks involves the bringing together of the manufacturing combines whom they support. . . . One fine morning we shall wake up in surprise to see nothing but trusts before our eyes, and to find ourselves faced with the necessity of substituting State monopolies for private monopolies. However, we shall have nothing to reproach ourselves for, excepting for having allowed things to follow their own course, gently hastened by the use of stocks and shares."

This is a very good example of the impotence of bourgeois opinion, from which bourgeois science is only distinguished by less sincerity and a tendency to obscure things.

To be "surprised" at the results of concentration; to "reproach" the German capitalist government or society ("ourselves"); to fear that the use of stocks and shares might "hasten" concentration; to fear the American trusts (as a German specialist, S. Tschierschky, does), and to "prefer" the German cartels to them on the grounds that the trusts are capable of "hastening technical progress to an excessive degree"—what other name can be applied to all this except impotence?

Meanwhile, the facts remain facts. There are no trusts in Germany; there are only cartels—but Germany is governed by 300 magnates, and the number of these is constantly diminishing. The banks, in any case, in all capitalist countries, and whatever may be the varieties of legislation regulating them, are strengthening and hastening the concentration of capital and the formation of monopolies.

"The banks are creating in the social structure, the form

and precisely nothing but the form, of a general stocktaking and a general re-partition of the means of production." So Marx wrote a half-century ago in *Capital*. (Vol. III., section 2.)

The figures that we have quoted on the development of banking capital, on the increase in number of the branches of banks, and the increase in number of their open accounts, etc., show us that this "general bookkeeping" is that of the *whole capitalist class*; and is not only of the capitalists. For the banks collect, even though it may be temporarily, all kinds of financial revenues of small property-holders, of civil servants, and of a small upper stratum of the working class. The "general distribution of the means of production" is what happens from the formal point of view, as a result of the development of modern banks, of which the chief, numbering from three to six in France, and from six to eight in Germany, are handling billions.

But in *substance* distribution of the means of production is by no means *general*, or social; it is private, *i.e.*, in conformity with the interests of very big capital, and first and foremost of monopoly capital: in which the masses of the population have barely enough to live on, the development of agriculture is far surpassed by that of industry; and heavy industry levies a tribute on all other branches of production.

The Savings Banks and Post Offices are beginning to compete against the banks in the matter of socializing capitalist economy. These are more "decentralized" establishments, *i.e.*, their influence extends to a greater number of localities, to more neglected spots, to wider fields. An American commission has collected the following data on the growth of deposits in banks and saving banks.

Deposits in Milliards of Marks

Year	BRITAIN		FRANCE		GERMANY		
	In Banks	In Savings Banks	In Banks	In Savings Banks	In Banks	In Credit Ass'tns	In Savings Banks
1880	8.4	1.6	..	0.9	0.5	0.4	2.6
1888	12.4	2.0	1.5	2.1	1.1	0.4	4.5
1908	23.2	4.2	3.7	4.2	7.1	2.2	13.9

As they pay interest at the rate of 4 per cent. ($4\frac{1}{4}$ per cent. on deposits), the Savings Banks must seek profitable in-

vestments for their capital, they must go in for speculation, mortgages, etc. And so the frontiers between the Banks and the Savings Banks become more and more effaced. The Chambers of Commerce at Bochum and Erfurt, for example, demand that Savings Banks should be prevented from engaging in "purely" banking business, such as endorsing bills of exchange. They also demand the limitation of the "banking" operations of the Post Office.

The banking kings seem to be afraid lest the State monopoly should unexpectedly catch them up. But it stands to reason that this fear does not make them go any further than the limits of competition between two department managers in the same office, if we may use the comparison; for, actually, it is still the *same set* of banking magnates who handle the billions entrusted to the Savings Banks, while State monopoly in a capitalist society is never anything else than a means of guaranteeing the income of millionaires who are on the point of going bankrupt in one branch of industry or another.

The replacing of the old type of capitalism, in which free competition flourished, by a new capitalism in which monopoly reigns, is notably expressed by a decrease in the importance of the Stock Exchange. The German review, *Die Bank*, wrote: "For a long time now, the Stock Exchange has ceased to be the indispensable intermediary of exchanges that it was formerly, when the banks were not yet able to place with their clients the biggest part of the scrip issued."

"Every bank is a Stock Exchange"—this modern saying contains more and more truth as the bank becomes greater and greater, and as capitalist concentration makes greater progress in the realm of finance. "If formerly, in the '70's, the Stock Exchange, flushed with the exuberance of youth" (a delicate allusion to the crash of 1873, and to the bucket-shop scandals), "opened the era of the industrialization of Germany, nowadays the banks and industry are able to transact their own business without its aid."

"The domination of our big banks over the Stock Exchange . . . is nothing else than an expression of the completeness of organization achieved by the German industrial State. If the domain of economic laws functioning automatically is thus restricted, and if the domain regulated deliberately by

the banks is considerably increased, then the national economic responsibility of a very small number of directors is being increased to a formidable extent"—so wrote Professor Schulze-Gaevernitz, one of the defenders of German imperialism, who is looked upon as an authority amongst the imperialists in every country. This author naturally tries to mask one "detail": that the "deliberate regulation" of economic life by the banks consists in a robbery of the public by a handful of "completely organized" monopolists. For the task of a bourgeois professor is not to lay bare the whole financial system, or to divulge all the intrigues of the finance monopolists, but rather to cover them up.

In the same way, Riesser, a still more eminent economist and a financier himself, disposes of facts which he cannot deny, by means of some hollow phrases: "The Stock Exchange is losing, to a greater and greater extent, its character, indispensable to economy as a whole, and to the exchange of securities in particular, of being not only the most exact means of measuring, but also of being an almost automatic regulator of economic movements, which are centralized in it."

In other words, the old capitalism of free competition and its indispensable regulator the Stock Exchange, are passing away. A new capitalism is succeeding it, which seems to have a somewhat transitory nature, and representing a kind of mixture of free competition and monopoly. The question crops up naturally: to what is this transitory capitalism leading? But the bourgeois scholars are afraid to face this question.

"Thirty years ago, employers freely competing against one another carried out nine-tenths of the economic work which does not belong to the sphere of manual labor. At the present day, nine-tenths of this 'brain work' is performed by paid officials. Banking gives a lead in this evolution." This admission by Schulze-Gaevernitz leads us once more to the question: what does this tendency of modern capitalism, of capitalism in its imperialist phase, lead to?

Amongst the few banks which, as a result of the process of capitalist concentration, remain at the head of all capitalist economy, there is to be seen a natural tendency, becom-

ing more and more clear and strengthened, towards the agreement, the monopoly, the trustification of the banks. In America, there are no longer nine, but only two of the big banks, those of the billionaires Rockefeller and Morgan, who reign over a capital of eleven milliards (in marks). In Germany the absorption of the *Union of Schaffhausen* by the *Disconto Gesellschaft*, was commented on in the following terms by the *Frankfurter Zeitung*, one of the official organs of the Stock Exchange:

"The concentration of the banks is narrowing the circle of establishments from which it is possible to obtain credit, and consequently is increasing the dependence of large-scale industry directly upon a small number of financial groups. The close relations between industry and the financial world being granted, it follows that the free movement of manufacturing companies in need of capital is restricted. And so large-scale industry is viewing the growing concentration of banks into trusts with mixed sentiments. And we have several times seen the beginnings of agreements amongst the big financial concerns, which aim at limiting competition between them."

Once more, the last word in the development of the banks, is monopoly.

As for the close ties between the banks and industry, it is precisely on this ground that it is possible to estimate the new role of the banks. If a bank negotiates a bill for an industrial firm, opens a current account for it, etc., these operations, separately considered, by no means diminish the independence of the industrial firm, and the bank plays no other part than that of a modest intermediary. But when such operations are multiplied and become continuous, when the bank "collects" in its hands enormous sums of capital, when the running of a current account for the firm in question enables the bank—and this is what happens—to become better and better informed of the economic position of the client, then the result is a more and more complete dependence of industrial capital directly on the bank.

Parallel with this process there is being developed a very close personal connection between the banks and the biggest industrial and commercial enterprises, the fusing of one with another through the acquisition of shares, through the entry

of bank directors into the boards of management of industrial and commercial enterprises, and *vice versa*.

The German economist, Jeidels, has compiled very complete data on this form of concentration of capitals and enterprises. Six of the biggest Berlin banks were represented by their directors in 344 industrial companies; and by their managers in 407 other companies. Altogether, they supervised a total of 751 companies. In 289 of these they had either two representatives on the board of directors, or the presidency of the Board. Amongst these industrial and commercial companies, the most varied kinds of undertaking are represented: insurance, transport, restaurants, theatres, artistic production, etc. On the other hand, there were on the Board of Directors of six banks, in 1910, fifty-one of the biggest manufacturers, amongst whom were the directors of Krupps, the *Hamburg-Amerika Line*, etc. From 1895 to 1910, each of these six banks had "participated" in the share issues of several hundreds of industrial companies. (The exact numbers vary between 281 and 419.)

The close connection between the banks and industry is completed by the close connection of both with the State. "Seats on the Advisory Board," wrote Jeidels, "are freely offered to reliable persons, especially to ex-civil servants, who are able to do a great deal to facilitate (!) relations with the authorities. . . . There is generally a member of parliament or a Berlin city councillor on the Advisory Board of a big bank."

The extension and the manufacture, so to speak, of the great capitalist monopolies is, therefore, going ahead at full steam, by all means, "natural" and "supernatural." The result is a fairly systematic division of labor amongst some hundreds of kings of finance who reign at present over modern capitalist society.

"Accompanying this extension of activity of individual industrialists" (sharing in the management of banks) "and together with the allotting to provincial bank managers of a definite industrial region, there is a growth of specialization amongst the directors of the great financial institutions.

"Generally speaking, this specialization is only possible when banking is on a large scale, and particularly when it has widespread connections with industry.

"The division of labor follows two directions: on the one hand, the relations with industry as a whole are entrusted to one manager, who has special charge of them; on the other, each director assumes the supervision of several enterprises or groups of enterprises, whose interests are allied, or whose work is almost similar." (Capitalism has reached the stage of an organized *supervision* of firms.) "One specializes in German industry—sometimes even in West German industry" (the West is the most industrialized part of Germany) "others in relations with foreign States and foreign industry; in information about industrial personalities; in what is happening on the Stock Exchange. Besides, each director is often charged with managing a locality or a branch of industry; one works mainly in the Advisory Boards of electric companies, another in chemical, brewing or the beet sugar industry; a third in several isolated undertakings, and at the same time in insurance companies. . . . In short, there can be no doubt that, in proportion as the big banks develop and diversify their operations, the division of labor amongst their directors becomes increased with the object (or with the result) that they are raised to some extent above purely banking matters, and become more and more capable and competent in industrial matters, and in special questions affecting certain industries; better and better prepared for exercising, in industry, the influence of the banks. This system is completed by the tendency of the banks to appoint in managerial posts only men who know industry well, such as factory owners, and former officials, especially those who have belonged to the staffs of mines or railways, etc."

We find the same system, with only a slight difference, in French banking. For instance, one of the three biggest banks, the *Crédit Lyonnais*, has organized a financial information service, which permanently employs about 50 engineers, statisticians, economists, jurists, etc., at an upkeep cost of six or seven hundred thousand francs annually.

The service is in turn divided into eight sections, of which one deals with industrial establishments, another with general statistics, a third with railways and navigation, a fourth with funds, a fifth with financial relations, etc.

The result is twofold: on the one hand a fusion, or, as N. I.

Bukharin aptly calls it, a growing together, becoming more and more complete, between industrial and finance-capital; and on the other, a transformation of the banks into institutions of a truly "universal character." On this question we think we should quote the exact terms used by Jeidels, who has best studied the subject:

"After an examination of all their relations with industry," he writes, "we perceive the universal character of the financial establishments working on behalf of industry. Contrary to other kinds of banks, contrary to the requirements often laid down in text books—according to which banks ought to specialize in one kind of business or in one branch of industry so as not to lose a firm footing—the big banks are striving to make their industrial connections as varied and far-reaching as possible, and are tending to remedy the disproportion, that is to be seen in following up the history of certain banks, in the distribution of capital between areas and branches of industry. . . . There is one tendency which hopes to make the fusion with industry a general phenomenon; another tendency is working to make this fusion very closely-knit and solid. Both tendencies are given effect to, as yet incompletely, but already to a considerable extent and to an equal degree, in the six biggest German banks."

Quite often industrial and commercial circles complain of the "terrorism" of the banks. We are not surprised, for the big banks "command" as will be seen from the following example:

On the 19th of November, one of the big Berlin "D" Banks (such is the name given to the four biggest banks whose name begins with the letter D), wrote to the board of directors of the *German Central-North-West Cement Company*, a letter which ran as follows:

"We learn, from the advertisement that you have published on the 18th instant in a certain newspaper, that the next general meeting of your company, fixed for the 30th of this month, may be called upon to take measures which are likely to effect alterations in your undertakings which we cannot possibly agree with. We deeply regret that, for these reasons, we are obliged henceforth to refuse you the credit which has been hitherto allowed you. If the next general meeting

does not decide upon measures unacceptable to us, and if we receive suitable guarantees on this matter for the future, we have no objection to negotiating with you the opening of a new credit."

In truth, this is the same old complaint of little capital oppressed by big capital. Only, this time, it is a whole syndicate which has fallen under the heading of "little." The old struggle between big and little capital is beginning on a new and infinitely higher plane.

It stands to reason that undertakings, financed by the big banks handling milliards, can hasten on technical progress also infinitely more than those of the preceding period. The banks are founding, for instance, societies of technical research, whose work, be it noted, goes to benefit only "allied" industrial concerns. To this category belong, in Germany, the *Electric Railway Research Association*, and the *Central Bureau of Scientific and Technical Research*.

The directors of the big banks themselves cannot fail to see that in this way new conditions of economic life are being created. But they are powerless before these phenomena.

"Anyone," wrote Jeidels, "who has watched, in recent years, the retirement and election of directors and managers of the big banks, cannot fail to have noticed that financial power was passing into the hands of men who consider the active intervention of the banks in the general development of production to be indispensable and of daily increasing importance. It often happens that, between these new men and the old bank directors, disagreements occur on this subject, and sometimes personal quarrels. The question arises, in reality, as to whether it is certain that the banks, as institutions of credit, will not suffer from these interventions in production, as to whether they are not sacrificing tried principles and an assured profit in a field of activity which has nothing in common with their role as intermediaries of credit; and which is leading them into a field where they depend still more than formerly on the state of trade. This is the opinion of a number of the older bank directors, whilst most of the young men consider intervention in industry to be a necessity, as great as that which gave rise, simultaneously with big modern industry, to the big banks and modern industrial

finance. The two parties in this discussion are only agreed on one point. They recognize that the new activity of the five banks has not got solid principles for a basis, and has not got a concrete objective in view."

The old form of capitalism has had its day. The new represents a transition towards something or other. To find "solid principles and a concrete objective" to harmonize monopoly and free competition is obviously to seek for the solution of an insoluble problem. The confessions of the practical men impress us differently from the enthusiastic periods of the official apologists of "organized" capital, such as Schulze-Gaevernitz, Liefmann and similar theoreticians.

To what period is the "new activity" of the big banks to be definitely ascribed? Jeidels gives us a fairly exact answer to this important question:

"The bonds between the industrial enterprises with their new elements, their new forms and their new organs; more precisely, the great banks which are organized on both a centralized and a decentralized basis, do not become a characteristic economic phenomenon before 1890, and the following years; in one sense, indeed, this initial point may be advanced to the year 1897 with its huge amalgamations of businesses, which for the first time introduced a new form of decentralized organization, corresponding to the economic policy of the banks. This commencing point may be put even further on, for it was only the crisis of 1900 which enormously accelerated the process of concentration of industry and banking, consolidated that process and for the first time gave to the great banks a monopoly of the connection with industry, which had become much closer and more active."

Thus, the beginning of the twentieth century marks the turning point at which the old capitalism gives place to the new, at which control by capital in general gives place to control by finance-capital.

CHAPTER III

FINANCE-CAPITAL AND FINANCIAL OLIGARCHY

"AN increasing proportion of industrial capital," says Hilferding, "does not belong to the industrialists who employ it. They obtain the use of it only through the goodwill of the bank, which as against them represents the owner of the capital. On the other hand, the bank is forced to place a more and more important part of its funds in business. Thus it is continually becoming more of an industrial capitalist: and this banker's capital, this money capital, turned into industrial capital, is what I call 'finance-capital.' . . . Financial capital is that capital which the banks dispose of and which industrialists employ."

This definition is incomplete in so far as it is silent about one of the most important facts: the increase of the concentration of production and of capital to such an extent that it leads to monopoly conditions. But Hilferding's whole exposition, and particularly in the two chapters which precede the one from which our definition is taken, stresses the part played by *capitalist monopolies*.

The concentration of industry: the monopoly arising therefrom: the fusion of banking and industry: these are the steps in the rise of finance-capital and the notion contained in the term.

We now have to describe how the domination of capitalist monopolies inevitably becomes, in conditions of commodity production and private property, the domination of a financial oligarchy. It should be noticed that the representatives of German *bourgeois* learning—and not of German learning alone—such as Riesser, Schulze-Gaevernitz, Liefmann, etc.—are all apologists for imperialism and for finance-capital. Far from throwing light on the system which conditions the formation of oligarchies, their methods, their legal and illegal

sources of income, and their relations with parliaments, they conscientiously obscure and camouflage these subjects. They dodge these awkward questions, in fact, by a few vague and pompous phrases: calling on "the sense of responsibility of bank directors," praising "the sense of duty" of Prussian officials, giving serious study to ridiculous little plans for "supervision" and "regulation" by law, playing with theories, like, for example, the following "scientific" definition, arrived at by Professor Liefmann. "Commerce is an industrial activity tending to the collection and conservation of goods which are then placed in use."

The conclusion is that primitive man, who knew nothing of exchange, understood "commerce," and that it is going to continue in a Socialist society!

But the facts concerning the monstrous rule of the financial oligarchy are so striking that in all capitalist countries, notably America, France and Germany, a whole literature has sprung up which gives a fairly accurate picture of it from a *bourgeois* point of view, and a criticism—*petty bourgeois* naturally.

First and foremost comes the system of "participation" of which we have already spoken above. The German economist, Heymann, who, perhaps, concerned himself earlier than all others with this question, describes it thus:

"The chief controls the parent company: the latter in its turn reigns over the subsidiary or 'daughter' companies which similarly control others. Thus it is possible with a comparatively small capital to dominate immense spheres of production. As a matter of fact, if holding 50 per cent. of the capital is always sufficient to control a company through its shares, the chief needs only a million to control eight millions in the second subsidiaries. And if the method of organization is extended, it is possible with one million to control sixteen, thirty-two or more."

Experience shows that it is sufficient to handle 40 per cent. of the shares in order to direct the affairs of a company, since a certain number of small shareholders find it impossible in practice to attend general meetings. The "democratization" of the system of shares and debentures, from which the *bourgeois* sophists, opportunists and social-democrats expect the

"democratization" of capital, the strengthening of the small manufacturer and much besides, is, in fact, one of the ways of increasing the power of the financial oligarchy. For this reason, among others, in the most advanced or most "experienced" capitalist countries, the law allows the issue of shares of very small value. In Germany, it is illegal to issue shares of less value than one thousand marks, and the magnates of German finance look with an envious eye on England, where it is legal to issue shares at one pound sterling. Siemens, one of the chief captains of industry and a "monarch" of German finance, told the Reichstag on June 7th, 1900, that "the one pound share is the basis of British imperialism." This merchant has a much more deeply "Marxian" idea of imperialism than a certain queer writer, generally held to be one of the founders of Russian Marxism, who considers that imperialism is a fault peculiar to only one of the European nations.

But the "system of participation" is not merely useful for formidably increasing the power of the monopolists. Besides this, it makes possible the carrying through of all kinds of shady and dirty deals with impunity, all emptying the pockets of the public, since the parent company is not legally responsible for the subsidiary companies, which are considered "independent" and a means through which anything can be done. Here is an example taken from the German review, *Die Bank* (Bulletin for May, 1914): "The Steel Spring Company of Cassel was quoted some years ago among the German concerns giving the best returns. Through bad management its dividends fell from 15 per cent. to nil. It was established that the board, without consulting the stockholders, had made a loan of *six million marks* to one of the subsidiary companies, the *Hassia*, which had a nominal capital of only some hundreds of thousands. There was no indication of this loan, amounting to nearly treble the capital of the parent company, in its balance sheets. As a matter of law, this silence was possible and could last for two complete years without infringing any provisions of company law. The president of the board of directors who as the responsible head signed the false balance sheets, was and is still the president of the Cassel Chamber of Commerce. The shareholders only heard of the

subsidiary to the *Hassia* long afterwards, when it was proved to be an "error" (a word the writer might well have put in inverted commas), after the shares of the company, which those in the know were beginning to get rid of, had lost nearly all their value.

"*This typical example of falsified balance sheets, quite usual in joint stock companies,* makes it clear why boards of directors are more willing to run the risk of shady transactions than are individuals. The most modern technicalities in connection with the drawing up of balance sheets not only make it possible to conceal doubtful undertakings from the average shareholder, but also allow the people most concerned to get out of their responsibility by selling their shares in time if things turn out badly, whereas the private man has to pay for all it does to his last farthing.

"The balance sheets of most joint stock companies put us in mind of those manuscripts of the Middle Ages, from which the visible inscription had first to be erased, in order to discover beneath, another inscription giving the real meaning of the document. The simplest and, therefore, most usual procedure for making balance sheets indecipherable is to divide a business into several parts by setting up subsidiary companies—or by adding the business of these companies to it. The advantage of this system for various objects—legal and illegal—is so evident that it is quite unusual to find an important company in which it is not actually in use."

The author quotes as an example one of the most important monopolist companies, employing this system widely, the A. E. G., the great German electrical trust, referred to below. In 1912, it was calculated that this company held shares in from 175 to 200 others, controlling them, of course, and giving a total capital of 1,500 million marks.

All regulating laws, such as the necessity to publish balance sheets and to draw them up on certain models, the supervision of financial houses; these things about which professors and officials with the best intentions—that is, with the best intention of defending capitalism—discourse to the public, can have no kind of importance here. For private property is sacred, and no one can be hindered in buying, selling, exchanging or mortgaging shares, etc.

An estimate may be formed of the extent of this system of participation in the big Russian banks from the figures given by E. Agahd, who was for fifteen years an official of the Russo-Chinese bank and published in May, 1914, a book called, loosely enough, *Great Banks and the World Market*.

The author divides the great Russian banks into two classes: (a) those which operate as subsidiaries; (b) independent banks (the independence of the latter being arbitrarily taken to mean independence of foreign banks). The author subdivides the first group into three sub-groups: German, British and French subsidiaries, having in view those houses in whose business the banks of the three great European countries participate. The author divides the capital of firms belonging to this group into (1) Productive capital engaged in industrial or commercial undertakings; (2) Speculative capital reserved for Stock Exchange transactions and financial operations. Holding to the petty bourgeois reformist viewpoint natural to him, E. Agahd thinks it is possible, while keeping the capitalist system, to distinguish these two kinds of investments and to do away with the latter.

Here are the figures he supplies:

Assets of the banks, according to the balance sheets of October and November, 1913, in millions of rubles.

Groups of Russian Banks	Productive	Speculative	Total
(a) 4 Banks: Siberian Commercial Bank, Russian Bank, International Bank and Discount Bank	413.7	859.1	1,272.8
(b) 2 Banks: Industrial and Commercial and Russo-British	239.3	169.1	408.4
(c) 5 Banks: Russo-Asiatic, Petrograd Private, Azov-Don, Union, Moscow Russo-French Commercial	711.8	661.2	1,373.0
Total (11 Banks)	1,364.8	1,689.4	3,054.2
(d) 8 Banks: Moscow Merchants, Volga-Kama, Junker and Co., Petrograd Commercial (formerly Wawelberg), Bank of Moscow (formerly Riabouchinski), Moscow Discount, Moscow Commercial, Private Bank of Moscow.....	504.2	391.1	895.2
Total (19 Banks)	1,869.0	2,080.5	3,949.4

According to these figures, of the four billions of rubles making up the active capital of the great Russian banks in 1913, more than three-quarters, more than three billions, come from banks which in reality are only subsidiary companies of foreign banks, and chiefly of the banks of Paris (the famous trio: *Parisian Union, Paris et Pays-Bas* and *Société Générale*) and of Berlin (*Deutsche Bank* and *Disconto*). Two of the most important Russian banks, the Russian Bank for Foreign Trade and the International Commercial of Petrograd, between 1906 and 1912 raised their capital from 44 to 98 million rubles, and their reserves from 15 to 39 millions, employing three-fourths German capital. The first belongs to the *Deutsche Bank group*, and the second to the *Disconto*. The worthy Agahd is indignant at the spectacle of the majority of the shares of these Russian financial houses in German hands, thus paralysing their Russian shareholders. And, naturally, the country which exports its funds reaps a splendid harvest. The *Deutsche Bank*, for instance, in putting the shares of the Siberian Commercial Bank on the Berlin market, kept them in its coffers for a whole year, and then sold them at 193 per cent. that is, at nearly twice their face value, making a profit of nearly 6 million rubles, which Hilferding calls "founders' profits."

Our author puts the total resources of the chief Petrograd banks at 8,235,000,000 rubles: from the point of view of the participation in them, or more exactly their control by foreign banks, he estimates it as follows: French banks, 55 per cent.; English, 10 per cent.; German, 35 per cent. Of this sum of 8,235,000,000 rubles of actual capital, 3,687,000,000 rubles, or over 40 per cent. falls upon the syndicates, Prodamet and Produgol—syndicates in the oil, metallurgical and cement industries. Thus the fusion of banking and industrial capital in Russia, corresponding to the formation of capitalist monopolies, has made great strides.

Finance-capital, concentrated in a few hands and exercising a virtual monopoly, exacts enormous and ever-increasing profits from the floating of companies, issue of stock, State loans, etc., tightening up the grip of financial oligarchies and levying a tribute on the whole of society. Here is an instance, taken from a multitude, of the methods of constitut-

ing American trusts. We quote Hilferding: "In 1885, Mr. Havemeyer founded the Sugar Trust, by amalgamating fifteen small firms, whose total capital amounted to nearly 6,500,000 dollars. Suitably 'watered,' as the Americans say, the capital of the new trust was increased to 50,000,000 dollars. This 're-capitalization' anticipated in advance the profits of the monopoly, in the same way as the American Steel Trust anticipates its profits, by buying up as many iron fields as possible. In fact, the sugar trust managed to impose its prices on the market, which secured it such profits that it could pay 10 per cent. dividends on the capital thus swollen, or about 70 per cent. on the capital actually invested at the time of the creation of the big enterprise. In 1909, the capital of the sugar trust was increased to 90,000,000 dollars. In twenty-two years, it had become more than ten times what it had been."

In France, the rule of the "financial oligarchy" (denounced by Lysis in a book which ran through five editions up to 1908), assumed a not very different form. Four of the most powerful banks enjoyed an "absolute monopoly" of the issue of new stock. In reality, this is a trust of the chief banks. And their monopoly ensures them monopolist profits from new issues. A country borrowing from France rarely gets more than 90 per cent. of the total of the loan, the remainder going to banks and agents. The bank rate at the time of the Russo-Chinese loan of 400,000,000 francs amounted to 8 per cent.: that of the Russian loan of 800,000,000 francs (1904), to 10 per cent., and of the Moroccan loan of 62,500,000 francs (1904) to 18.75 per cent. Capitalism, the development of which began with petty usury, ends in the gigantic usury of high finance. "The French," says Lysis, "are the moneylenders of Europe. Their whole economic life is profoundly modified by this transformation of capitalism. Without increase of population or development of industry, business, or sea-borne carrying trade, the country can grow rich by usury." Fifty persons representing a capital of 8,000,000 francs can control 2,000,000,000 deposited in four banks. The system of participation, with which we are already acquainted, leads to the same result. The *Société Générale*, for instance, issues 64,000 bonds of one of its subsidiary com-

panies, the Egyptian Refineries. The bonds are issued at 150, the bank gaining straight away 50 centimes in the franc. The dividends of the new company are then found to be non-existent. The public lost from 90 to 100 million francs. One of the directors of the *Société Générale*, belongs to the Board of directors of the Egyptian Refineries. Hence it is not surprising if the author is driven to such conclusions as "the French Republic is a financial monarchy," "the financial oligarchy is the supreme power behind the press and the government."

The extraordinarily high rate of profit from the issue of securities, which is one of the chief functions of finance-capital, plays a large part in the development and stabilization of the financial oligarchy. "There is not in the whole country a single business bringing in profits like the issue of foreign loans," says the German journal *Die Bank*.

"No banking operation brings in profits to be compared with those from new issues." According to the German *Economist*, the average profits made on the issue of industrial securities from 1895 to 1900 were as follows:

1895	38.6	per cent.
1896	36.1	" "
1897	66.7	" "
1898	67.7	" "
1899	66.9	" "
1900	55.2	" "

"In the ten years from 1891 to 1900, German financial houses 'earned' more than a thousand million marks on the issue of industrial securities.

If, during periods of industrial boom, the profits of finance-capital are disproportionately large, so during periods of depression small businesses, and those not in an assured position, go out of existence, while the great banks profit by buying up their shares for next to nothing, or through advantageous 'reconstructions.' In the reconstruction of imperilled undertakings, the share capital is decreased in face value, that is, profits are distributed on smaller capital and for the future are calculated on this basis. If the income falls to zero, new capital is called in which, in conjunction with the old, saves the situation. All these reorganizations and

reconstructions, says Hilferding, have a double meaning for the banks: first, as profitable transactions; and secondly as splendid opportunities for getting control of the companies in difficulties.

Here is an instance. The *Union Mining Company* of Dortmund, founded in 1872, with a capital of about 40,000,000 marks, saw the market price of its shares rise to 170 after it had paid in its first year a 12 per cent. dividend. Finance-capital received a "trifle" of something like 28,000,000 marks. At the foundation of this bank the chief part was played by that same *Disconto Bank* which attained a capital of 300 million marks. But the dividends of the *Union* fell to nothing.: the shareholders had to consent to a reduction of capital, that is, to losing some of it in order not to lose it all. By a series of reconstructions, more than 73,000,000 marks disappeared in thirty years from the funds of the *Union*. "At present, the original shareholders of this company have only got 5 per cent. of the nominal value of their shares. But the bank kept on doing well from each reconstruction."

Speculation in land situated in the suburbs of towns making rapid progress is also a very profitable operation for finance-capital. The monopoly of the banks here coincides with that of the means of communication, since the increase in value of the land and the possibility of selling it profitably in allotments is mostly dependent on good means of communication with the centre of the town; and these means of communication are in the hands of large companies connected, by the participation system and by the distribution of positions on the directorate, with the interested banks. What happens is what the German writer, Eschwege, a contributor to *Die Bank*, who has made a special study of real estate business and the transactions connected with it, calls the formation of a "bog." Frantic speculation in land in the suburbs of large towns; collapse of building undertakings (like that of the Berlin firm of Boswau and Knauer, who had actually made 100,000,000 marks with the help of the *Deutsche Bank*, "the most secure and strongest of the German banks"—the latter acting, of course, discreetly behind the scenes through the participation system and only losing 12,000,000 marks)—

the ruin of small holders and of workers deluded by the firms doing building work on a large scale, criminal agreements with the 'honest' Berlin police and the Berlin officials with the aim of getting the right of issuing information about the land, building licenses, etc.

"American methods," strongly condemned by European professors and well-intentioned bourgeois have become in the age of finance-capital, those of every great town, no matter what country it is in.

At the beginning of 1914, there was talk in Berlin of a transport trust to combine three Berlin transport undertakings: Metropolitan, Tramway Company and Omnibus Company. "We know," wrote *Die Bank*, "that this plan has come to a head since the majority of the shares in the bus company has been acquired by the other two transport companies. We can believe those who, in following this course, hope by a reorganization of the transport services to secure enough economies to allow the public to benefit in the end. But the question is complicated by the fact that behind the trust being formed are the banks, who, if they desire, can subordinate the means of communication, which they have monopolized, to the interests of their real estate business. To be convinced of the reasonableness of such a conjecture, we need only recall that the Metropolitan Company was founded with the help of one of the great banks. This company's interests are associated with those of the financial house in its land transactions. Its Eastern line, in fact, was going to open up lands belonging to the bank, who sold them, of course, later on, when the completion of the railway was a certainty, making fabulous profits on its own account and enriching certain private members."

A monopoly, once it is formed, and when it once controls thousands of millions, penetrates inevitably into every part of public life, quite apart from political circumstances and all other considerations. The economic literature of Germany usually praises the integrity of the Prussian bureaucracy, while alluding to the scandals usual in France and to American corruption. But the fact is that the bourgeois literature of Germany devoted to banking matters constantly has to go beyond the field of purely banking operations, and to speak,

for instance, of "the attraction exercised by financial houses" in reference to the more and more frequent passing of officials into the employ of the banks. "How can one vouch for the integrity of a State official who is aspiring in his inmost heart, to a modest position in the Bernstrasse?" (the street in Berlin in which is situated the head office of the *Deutsche Bank*). The director of *Die Bank*, Alfred Lansburg, wrote in 1909 an article on the *Economic Meaning of Byzantinism*, chiefly devoted to William II.'s tours in Palestine, and to "the immediate result of this journey," the construction of the Bagdad railway, that fatal "great German enterprise," which "is more responsible for 'encircling' than all our political blunders taken together." (It will be remembered that the encircling policy of Edward VII. tended to isolate Germany by surrounding her with hostile imperialist alliances). The contributor already referred to, M. Eschwege, published in 1912 an article called *Plutocracy and Bureaucracy*, which contains some instructive examples. A German official named Felker, who was a member of the Commission on Trusts, and conspicuous by his activities, quickly got a well-paid position on the staff of the biggest trust of all, the Steel Syndicate.

Similar cases, not in the least the result of chance, forced this bourgeois author to admit that "the economic liberty guaranteed by the German Constitution is at present, in many departments of economic life, only a meaningless phrase" and that under the rule of the plutocrats, "the widest political liberty does not alter the fact that we are not free."

As for Russia, we will be content with one example. All the papers spoke, some years ago, of the entry of the director of the Banking Department, Davydov, into the employment of a great bank who paid him so highly that in a few years his total salary must have been more than a million rubles. The Banking Department is charged with the duty of "co-ordinating the activities of all the establishments giving credits in the State," and gives subsidies to banks in the capital of 800 to 1,000 million rubles.

In general, it is characteristic of capitalism that it separates the ownership of capital from its application to production, financial capital from industrial or productive capital, the

investor who lives only on his income from the *entrepreneur*, and all those who, in fact, share in the management of capital. Imperialism or the rule of finance-capital, is that highest stage of capitalism in which this separation reaches vast proportions. The supremacy of finance-capital over all other forms of capital means the rule of the investor and of financial oligarchy, or the crystallization of a small number of financially powerful States out of the general body. To what extent? This may be judged from the statistics of the issue of securities. In the Bulletin of the International Statistical Bureau, M. A. Neymarck has published very complete figures covering the issue of securities all over the world. These figures have been partially quoted many times in economic literature. The following are the totals he gives for four ten-year periods:

Total issues in milliards of francs.

1871-1880	.....	76.1
1881-1890	.....	64.5
1891-1900	.....	100.4
1901-1910	.....	197.8

Between 1870 and 1880, the total amount of issues for the whole world was high, through loans resulting from the Franco-German war and the phase of development on which Germany then entered. In general, the increase is not very rapid during the three last decades of the 19th century, but the first ten years of the 20th century are noteworthy for an enormous increase, almost of 100 per cent. Thus the beginning of the 19th century marks a sudden change not only in connection with the extension of monopolies (cartels, syndicates, trusts), of which we have already spoken, but also with reference to the development of finance-capital.

M. Neymarck estimates at about 815 milliards of francs the total sum of issued securities current in 1910. With the intention of deducting from this sum amounts which might have figured more than once, he decreases the total to 575-600 milliards, which amount is divided as follows among various countries:

Financial Securities Current in 1910
 (Milliards of francs)

Great Britain	142	}	479
United States	132		
France	110		
Germany	95		
Russia	31		
Austria-Hungary	24		
Italy	14		
Japan	12		
Holland	12.5		
Belgium	7.5		
Spain	7.5		
Switzerland	6.25		
Denmark	3.75		
Sweden, Norway, Roumania, etc.	2.5		
 Total	 600		

It will be seen at once from these figures what a privileged position is held by four of the largest capitalist countries, each controlling from 100 to 150 milliard francs in securities. Two of these countries are the oldest capitalist countries and as we shall see, possess the most colonies: England and France; the other two are in the front rank as regards rapidity of development, and the degree of extension of capitalist monopolies in industrial affairs: the United States and Germany. Together, these four countries own 479 milliards of francs, that is, nearly 80 per cent. of the world's finance-capital. Thus, by this means or otherwise, the whole world is more or less the debtor and vassal of these four international banker-countries, on which world finance-capital rests.

It is now necessary to elaborate the part played by the export of capital in the creation of an international network of dependence and connections of finance-capital.

CHAPTER IV.

THE EXPORT OF CAPITAL.

IN the old type of capitalism, that of free competition, the export of *goods* was the most typical feature. In the modern kind, the capitalism of monopolies, the export of *capital* becomes the typical feature.

Capitalism is the production of commodities at its highest stage when labor-power itself becomes a commodity. The development of exchange, both national and international, is one of the characteristics of capitalism. Inequality and irregularity in the development of individual undertakings, individual branches of production, individual countries, are inevitable under the capitalist system. England became a capitalist country before any other, and, having introduced free trade, set up in the middle of the 19th century to be the workshop of the whole world, the great provider of manufactured goods for all other countries, which in exchange were to keep her supplied with raw materials. But by the last quarter of the 19th century, this monopoly was already undermined. Other countries, protecting themselves by tariff walls, had developed into independent capitalist countries. On the eve of the 20th century, we see a new class of monopolies coming into existence. First there are combinations of capitalists in all advanced capitalist countries: secondly, the monopolist position of a few rich countries, in which the accumulation of capital reaches gigantic proportions. An enormous "excess of capital" becomes accumulated in the advanced countries.

Now there is no doubt that, if capitalism could develop agriculture, which to-day has been everywhere left far behind by industry, if it could raise the standard of living of the masses, who are everywhere still poverty-stricken and badly

fed in spite of a dizzy advance in technical knowledge, there could be no talk of an excess of capital. And the petty bourgeois critics of capitalism advance this argument on every occasion. But in that case capitalism would not be capitalism, for the inequalities of development and the wretched condition of the masses are the indispensable conditions, the very roots of this method of production. While capitalism remains itself, the excess of capital is not put aside to raise the standard of living of the masses in a given country, for this would mean a decrease of profits for the capitalists: but it is used to increase those profits by the export of capital abroad, to the backward countries. There the profits are generally higher, for capital is scarce, the price of land is relatively small, wages are low, raw materials are cheap. The possibility of the export of capital is created by the entry of numerous backward countries into international capitalist life: the most important railway lines are either built or being built there: the elementary conditions for industrial development are in existence, etc.

The necessity to export capital comes from the "over-development" of capitalism in certain countries where (with agriculture backward and the masses impoverished) "profitable" investments are becoming scarce.

Here are approximate figures showing the amount of capital invested abroad by the three great powers.

Capital invested abroad (milliards of francs).

Year	Britain	France	Germany
1862.....	3.6	—	—
1872.....	15	10 (1869)	—
1882.....	22	15 (1880)	?
1893.....	42	20 (1890)	?
1902.....	62	27-37	12.5
1914.....	75-100	60	44

This table shows that the export of capital did not develop formidable proportions until the beginning of the 20th century. Before the war, the capital invested abroad by the three great powers amounted to between 175 and 200 milliard francs. At the modest estimate of 5 per cent., it was bringing in from 8 to 10 milliard a year. This is a solid basis for imperialist oppression, and the exploitation of most of the

countries and nations of the world; it is a solid basis for the capitalist parasitism of a few wealthy States.

How is this capital invested abroad divided? Where does it go? Only an approximate answer can be given to this question, but it will enlighten us on the general aspect of modern imperialism and its implications.

Continents in which the capital (approximate figures) of the Great Powers is invested (1910) (milliards of marks).

	Britain	France	Germany	Total
Europe	4	23	18	45
America	37	4	10	51
Asia, Africa, Australia.....	29	8	7	44
—	—	—	—	—
Total	70	35	35	140

For Britain, colonies hold the leading place, even in America (Canada), not to speak of Asia and elsewhere. The gigantic export of capital is here bound up with the possession of gigantic colonies, of the importance of which for imperialism we shall speak below. In France the situation is quite different. French capital invested abroad is mostly in Europe, particularly in Russia (at least ten milliard francs). This is mostly in government loans and not in capital invested in industrial undertakings. Compared to British imperialism, which is colonial, French imperialism might be termed money-lending imperialism. In Germany, there is a third type: the German colonies are inconsiderable, and German capital invested abroad is divided fairly equally between Europe and America.

The export of capital in the countries where it is introduced has a great influence on capitalist development, which it strongly accelerates. If then, it arrests to some extent the development of countries which export it, it nevertheless always extends and intensifies the capitalist development of the world as a whole.

Almost always those countries which export their capital are able to obtain "advantages" which throw a certain light on the peculiarities of the age of finance-capital and monopolies. The following passage for instance, occurred in the Berlin review, *Die Bank*, for October, 1913.

"A comedy worthy of the pen of Aristophanes is being played just now on the international money market. Numerous countries, from Spain to the Balkans, from Russia to the Argentine, from Brazil to China are urgently seeking loans; sometimes very insistently. The money market is not at the moment very bright and the political outlook is unpromising. But no particular money market can make up its mind to refuse the loan, fearing that another might do so and obtain in return valuable considerations. In this kind of business, the lender almost always gets something: a beneficial commercial treaty, a coal mine, the construction of a port, a profitable concession, or an order for artillery."

Finance-capital has created the period of monopolies, and monopolies bring with them everywhere their own methods: the utilization of business "connections" for profitable transactions take the place of open competition on the market. Nothing is more usual than to stipulate, before making a loan, that some of it will be spent on purchases in the country of issue, particularly in orders for war material or for ships. In the course of the last two decades (1890-1910), France often had recourse to this method. The export of capital abroad thus becomes a way to encourage the export of commodities. In these circumstances, transactions, especially between big firms, take on a form "bordering on corruption," as Schilder "delicately" puts it. Krupp in Germany, Schneider in France, Armstrong in England, are instances of firms closely connected with all-powerful banks and governments, whom it is not easy to "avoid" when arranging a loan.

France, in making loans to Russia, by the commercial treaty of the 16th September, 1905, secured concessions to run till 1917. She did the same thing when the Franco-Japanese commercial treaty was made on the 19th August, 1911. The tariff war between Austria and Serbia, which lasted with a seven-months' interval, from 1906 to 1911, was partly caused by competition between Austria and France for keeping Serbia supplied with war material. In January, 1912, M. Paul Deschanel said in the Chamber of Deputies, that French firms from 1908 to 1911 had supplied 45,000,000 francs' worth of war material to Serbia.

A report from the Austro-Hungarian Consul at Sao-Paulo

(Brazil), states: "The construction of Brazilian railways is chiefly done by capital from France, Belgium, Britain and Germany. The countries involved secure orders for railway material during the preliminary financial negotiations connected with railroad construction."

Finance-capital thus extends its tentacles literally all over the world. Banks founded in the colonies, or their branches, play an important part in these operations. German imperialists look with envy on the old colonizing nations, which in this respect are "well established." Great Britain had, in 1904, 50 colonial banks with 2,279 branches (in 1910, there were 72 banks with 5,449 branches); France had 20 with 136 branches; Holland 16 with 68 branches; and Germany had a "mere" 13 with 70 branches.

The American capitalists, on their side, are jealous of the English and the Germans: "In South America," they sadly wrote in 1915, "five German banks had forty branches and five English banks had seventy. England and Germany during the last twenty-five years have invested in the Argentine, Brazil and Uruguay, about four billion dollars, which puts under their control 46 per cent. of the total trade of these three countries."

The countries exporting capital have divided the world in the metaphorical sense of the term. But finance-capital has also led to an *actual* division of the world.

CHAPTER V.

THE DIVISION OF THE WORLD AMONG CAPITALIST GROUPS

THE capitalist monopoly groups—cartels, syndicates, trusts—divide among themselves first of all the whole internal trade of a country, grasping the whole of industry more and more firmly. But in capitalist society, internal trade is connected with foreign trade. Capitalism has long ago created a world market. In proportion as the export of capital increases, and as foreign and colonial relations—"the spheres of influence" of the largest monopolist associations—extend on every side, things tend "naturally" towards an international agreement among these associations and towards the formation of international cartels.

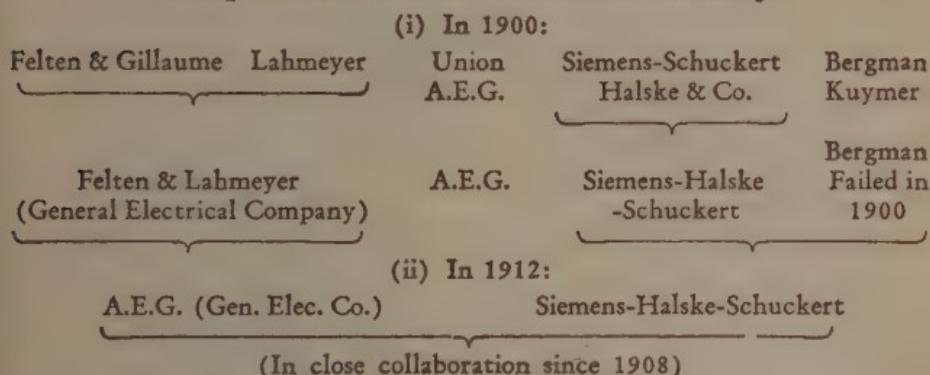
This is a new degree of world concentration of capital and production, infinitely higher than any predecessor. Let us see how this super-monopoly develops.

The electrical industry is the most typical of the latest victories of technical skill, *i.e.*, of capitalism at the end of the nineteenth and beginning of the twentieth centuries. It has developed most in the two most advanced of the new capitalist countries, the United States and Germany. In Germany, the crisis of 1900 had a particularly great effect on its concentration. The banks, already by this time deeply interested in industry, forced on, during this crisis, the collapse of unimportant firms and their absorption by the large ones. "The banks," writes Jeidels, "refused a helping hand to the companies which needed it most—bringing on, after a frenzied boom, the inevitable failure of the companies which were not closely enough attached to them."⁶⁴

After 1900, concentration in Germany proceeded as a result by leaps and bounds. Up to 1900, there had been seven or eight groups in the electrical industry. Each was formed of many companies—amounting altogether to twenty-eight—

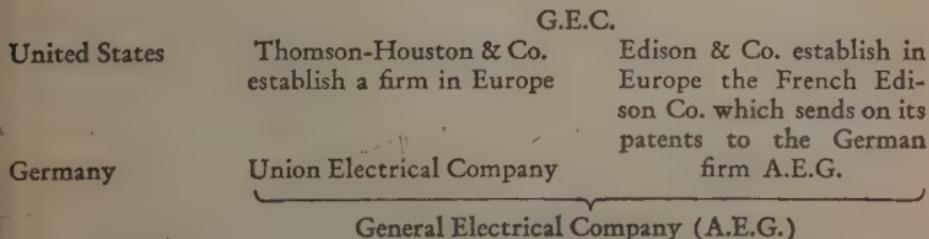
and each was supported by from 2 to 11 banks. Between 1908 and 1912 all the groups were united into two, or possibly one. This shows the process:

Groups in the German electrical industry:



The famous A.E.G. (General Electrical Company), thus constituted, controls 175 to 200 companies (through shares) and directs altogether a capital of 1,500,000,000 marks. Abroad, it has 35 direct representatives of which twelve are joint stock companies, in more than ten States. In 1904, German capital, invested in the electric industry abroad, was already estimated at 233,000,000 marks. Of this sum, 62 millions were invested in Russia. There is no need to say that the A.E.G. is a huge combine. Its industrial companies number no less than sixteen, and their factories make the most varied articles, from cables and insulators to motor-cars and aeroplanes.

But concentration in Europe is only a part of the process of concentration in America, which has developed thus:



Thus two "Great Powers" in the electrical industry were formed. "There is not an electrical company in the world

which can be independent of them," wrote Heinig in his article on *The Paths of the Electricity Trust*. As to the total business and the size of the enterprises of the two trusts, the following figures will give us at least an idea:

		Total business in mills. of marks	Employees	Net profits in mills. of marks
<i>America:</i>				
General Elec. Co.	1907	252	28,000	35.4
	1910	298	32,000	45.6
<i>Germany:</i>				
A.E.G.	1907	216	30,700	14.5
	1911	362	60,800	21.7

In 1907, the German and American trusts divided up the world by agreement. Competition between them ceased. The American General Electricity Company "received" the United States and Canada. The A.E.G. "received" Germany, Austria, Russia, Holland, Denmark, Switzerland, Turkey and the Balkans. Special agreements, naturally secret, laid down the rules for the branch companies exploiting new branches of production or new countries not yet allotted. The two trusts were to exchange their discoveries and their experiences.

It is easy to understand how difficult competition is becoming against this trust, which is practically world-wide—controlling a capital of several milliard marks, provided with branches, agencies, representatives in every country in the world. But the division of the world between two powerful trusts does not do away with the possibilities of *re-division* if the balance of forces changes, because of unequal developments, wars, bankruptcies, etc.

The oil industry supplies us with a curious example of such a revision, or rather of a struggle for the revision of agreements.

"The world market for oil," wrote Jeidels in 1905, "is already divided between two great financial groups, the Standard Oil Co. of Rockefeller and the controllers of Russian oil, Rothschild and Nobel. The two groups are in alliance. But for many years, five enemies have been threatening their monopoly.

"(i) The exhaustion of the American wells; (ii) the com-

petition of the firm of Mentacheff of Baku; (iii) the Austrian wells; (iv) the Roumanian wells; (v) the wells of the Dutch colonies (the extremely rich firms, Samuel and Shell, connected with English capital also). The three last groups are connected with the great German banks, principally the Deutsche Bank. These banks have systematically developed on their own the extraction of oil, especially in Roumania. In 1907, 185,000,000 francs of foreign capital was invested in the Roumanian oil industry, of which 74 million came from Germany."

A struggle began which, in economic literature, is fittingly called "the struggle for the division of the world." On one side, the Rockefeller trust, wishing to conquer everything, founded a daughter company in Holland, and set out to acquire the wells of the Dutch Indies, thus attempting to strike at its principal enemy, the Anglo-Dutch Shell trust. On the other side, the Deutsche Bank and other German banks aimed at "keeping" Roumania and at uniting it with Russia against Rockefeller. The latter controlled far more capital and an excellent system of oil transport, put at the disposal of the consumers. The struggle had to end, and it ended in 1907 with the defeat of the Deutsche Bank which could only choose between two alternatives: to liquidate its oil business and lose millions, or to submit. It chose to submit, and concluded a very disadvantageous agreement with the American trust. The Deutsche Bank agreed not to attempt anything which might injure "American interests." A clause of the agreement cancelled it if Germany should establish a State monopoly of oil.

Then "the comedy of oil" began. One of the German oil-kings, von Gwinner, a director of the Deutsche Bank, began, through his private secretary, Strauss, a campaign for the State control of oil. The whole great machine of the largest German bank and all its "connections" were set in motion. The press showed a "patriotic" indignation against the "yoke" of the American trust, and the Reichstag passed, on March 15th, 1911, by an almost unanimous vote, a motion asking the government to bring forward a plan for oil monopoly. The government hastened to acquiesce in the desire of the nation; and the Deutsche Bank, which hoped to deceive its

American partner and improve its business by a State monopoly, appeared to have won. Already, the German oil magnates saw visions of wonderful profits, which would not be less than those of the great Russian sugar growers. . . . But the great German banks quarrelled among themselves over the division of the spoil. The *Disconto Gesellschaft* exposed the aims of the Deutsche Bank; secondly, the government took fright at the idea of a struggle with Rockefeller. The Roumanian supply was not very large; would it be possible to get oil without Mr. Rockefeller? Finally (1913) a milliard was required for armaments. The project of the oil monopoly was put aside. The Rockefeller trust came out of the struggle temporarily victorious.

The Berlin review *Die Bank* said in this connection, that Germany could only fight the oil trust by establishing an electricity monopoly and by converting water power into electricity cheaply. "But," it added, "the electricity monopoly will come when the producers need it more definitely; when the next great failure in the electrical industry is at hand; and when the powerful electric workshops, so costly, constructed now almost everywhere by private concerns and for which these concerns receive already partial monopolies from towns, from the State, etc., can no longer work at a profit. Water power then must be used. But this cannot be converted into cheap electricity at State expense; all the same it must be handed over to 'a private monopoly controlled by the State,' because private industry has already concluded a series of contracts and secured heavy compensation. . . . So it was with the monopoly of potash, so it is with the oil monopoly, so it will be with the monopoly of electricity. It is time for our State-Socialists, who let themselves be blinded by beautiful principles, to understand once and for all that in Germany the monopolies have never had as their aim or effect the advantage of the consumer or even a share of the profits of industry for the State, but have only served to revive, at the expense of the State, private industry which was on the verge of bankruptcy."

Such are the valuable admissions which the German bourgeois economists are forced to make. We see plainly here how private monopolies and State monopolies are bound up

together in the age of finance-capital, both being only differing stages in the imperialist struggle between the largest monopolists for the division of the world.

In the mercantile marine, the tremendous development of concentration has ended also in the division of the world. In Germany, two powerful companies have raised themselves to the first rank, the *Hamburg-Amerika* and the *Nord-Deutscher-Lloyd*, both with a capital of 200 million marks in stocks and shares, and possessing 185-189 million marks' worth of shipping tonnage. On the other side, in America, on January 1st, 1903, the Morgan trust—the *International Company of Maritime Trade*—was formed which united nine British and American navigation companies, and which controlled a capital of 120 million dollars (480 million marks).

As early as 1903, the German giants and the Anglo-America trust concluded an agreement and divided the world in accordance with the division of profits. The German companies undertook not to compete in the Anglo-American traffic. The German and American ports were carefully allotted to each, a common committee of control was appointed. This contract was concluded for twenty years. But a clause rendered it invalid in case of war.

Extremely instructive also is the story of the creation of the International Rail Combine. The first attempt of the British, Belgian and German rail manufacturers to create such a cartel was made in 1884, at the moment of a serious business crisis. The manufacturers agreed not to compete with one another for the internal markets of the countries involved, and they divided the foreign markets in the following proportions: Britain 66 per cent.; Germany 27 per cent.; Belgium 17 per cent. India was reserved entirely for Britain. A British firm which remained outside the cartel was fought by it; the costs of this economic war were met by a percentage levied on all the sales. But in 1886 two British firms came out of the cartel, which collapsed. It is characteristic that the agreement could not be maintained in the periods of industrial prosperity which followed.

At the beginning of 1904, the German steel syndicate was founded. In November, 1904, the international rail cartel was renewed, with the following proportions for foreign

trade: England, 53.5 per cent.; Germany, 28.83 per cent.; Belgium, 17.67 per cent. France came in later with successively 4.8 per cent., 5.8 per cent. and 6.4 per cent. in the first, second and third years, exceeding the 100 per cent. limit, i.e., when the total was 104.8 per cent. of the 1904 total, etc. In 1905, the United States Steel Corporation entered the cartel, then Austria, then Spain. "At this moment," wrote Vogelstein in 1910, "the division of the world is at an end, and the great consumers, in the first place the State railways —since the world is divided up without their interests being considered—must live like the poet in the palace of Jupiter."

Or we may refer also to the International Zinc Syndicate, established in 1909 which divided production exactly between five groups of factories: German, Belgian, French, Spanish and British. Then there is the International Power Trust, of which Liefmann says that it is "a quite modern close alliance between all the German manufacturers of explosives who have divided up the whole world, so to speak, with the English and French manufacturers, organized in a similar manner."

Altogether, Liefmann counted in 1897 more than forty international cartels in which Germany had a share, while in 1910 there were about 100.

Certain bourgeois writers express the opinion that the international cartels, representing one of the most striking forms of the internationalization of capital, afford us the hope of the maintenance of peace under the capitalist system. Theoretically this opinion is absurd, while in practice it is a sophism and a dishonest defence of the worst opportunism. The international cartels show to what point capitalist monopolies have developed, and *what* is the object of the struggle between capitalist groups. This last circumstance is the most important; it alone shows us the historico-economic direction of events. For the *forms* of the struggle can change, and do change constantly, because of various relatively temporary and special causes, but the *essence* of the struggle, its class *content*, cannot change while classes exist. It is easy to understand, for example, that it may be useful for the interests of the German bourgeoisie to hide the *reason* for the actual economic struggle (the division of the world) and to emphasize one *form* or another of it. Kautsky makes the same

mistake. And it is a question not of the German bourgeoisie, but of the bourgeoisie throughout the world. The capitalists divide up the world, not because of original sin, but because the degree of concentration which has been reached forces them to take this road in order to get profits. And they divide it in proportion to capital, to "strength," because there cannot be any other system of division in a system of commodity production and capitalism. But the forces vary with economic and political development. In order to understand what takes place, it is necessary to know what questions are effected by this change of forces. Whether these changes are "purely" economic or *non-economic* (e.g., military), is in any case secondary and cannot change at all the fundamental view of the most recent phase of capitalism.

To substitute for the *object* of the struggles and agreements between capitalist groups the question of the *form* of these struggles and agreements (to-day peaceful, to-morrow belligerent, the next day peaceful once more), is to descend into sophistry.

The latest period of capitalism shows us that definite relations are being established amongst capitalist groups, relations based on the economic partition of the world; whilst, parallel with this fact and in connection with it, definite relations are being established between political groups, between States, on the basis of the territorial division of the world, of the struggle for colonies, of the "struggle for economic territory."

CHAPTER VI

THE DIVISION OF THE WORLD AMONG THE GREAT POWERS

IN his book on the *Territorial Development of European Colonies*, A. Supan, the geographer, gives the following brief statement of this development at the end of the 19th century:

Percentage of Territories belonging to the European Colonizing Powers, including United States.

	1876	1900	Increase
Africa	10.8	90.4	plus 79.6
Polynesia	56.8	98.9	plus 42.1
Asia	51.5	56.6	plus 5.1
Australia	100.0	100.0	—
America	27.5	27.2	minus 0.3

"The characteristic feature of this period," he concludes, "is, therefore, the division of Africa and Polynesia." As there are no unoccupied territories—that is, belonging to no State—left, in Asia and America, the conclusion of Mr. Supan must be extended. We must say that the characteristic feature of this period is the definitive partition of the earth—definitive, not in the sense that a *new partition* is impossible, for on the contrary new partitions are possible and unavoidable, but in the sense that the colonial policy of the capitalist countries has *completed* the conquest of the unoccupied territories on our planet. For the first time, the world is completely shared out, so that in the future territories will only be able to pass from one possessor to another, instead of acquiring a possessor for the first time.

We are, therefore, passing through a peculiar period of world-wide colonial policy, attached by the closest of ties to the most recent phase of capitalist development, that of finance-capital. And so it is indispensable to dwell above

all on the facts, in order to ascertain exactly what distinguishes this period from those preceding it, and from the present situation. In the first place, two questions of fact arise here. Is there to be observed an intensification of colonial policy, an intensification of the struggle for the colonies, exactly at the period of finance-capital? And how is the world divided up at present in this regard?

The American writer, Morris, in his book on *The History of Colonization* sets out to give the total colonial possessions of Britain, France and Germany during different periods of the 19th century. He obtains, briefly, the following results:

Colonial Possessions.

	BRITAIN		FRANCE		GERMANY	
	Area in millions of sq. mls.	Population in millions	Area in millions of sq. mls.	Population in millions	Area in millions of sq. mls.	Population in millions
1815-1830	—	126.4	0.02	0.5	—	—
1860	2.5	145.1	0.2	3.4	—	—
1880	7.7	267.9	0.7	7.5	—	—
1899	9.3	309.0	3.7	56.4	1.0	14.7

For Britain, the period of vast colonial conquests is between 1860-1880; and the last twenty years of the 19th century are also of great importance. For France and Germany it is chiefly during these last twenty years that the gains are important.

We have seen previously that the limit of pre-monopoly capitalist development, of capitalism with a predominance of free competition, is between 1860 and 1870. We now see that it is just immediately following that period that the "boom" in colonial annexations begins, and that the struggle for a territorial division of the world becomes extraordinarily keen. It is, therefore, beyond doubt that the transition of capitalism to monopoly-capitalism, to finance-capitalism, is connected with the intensification of the struggle for the partition of the world.

Hobson, in his work on imperialism, marks the years 1884-1900 as being those of the greatest colonial "expansion" of the chief European States. According to his estimate, Britain acquired during these years, 3,700,000 square miles of territory with a population of 57,000,000 inhabitants; France

acquired 3,600,000 square miles with a population of 36,000,000 inhabitants; Germany, 1,000,000 square miles with a population of 14,700,000 inhabitants; Belgium, 900,000 square miles with 30,000,000 inhabitants; Portugal, 800,000 square miles with 9,000,000 inhabitants. The hunt of all the capitalist States for colonies at the end of the 19th century is a fact well-known in the history of diplomacy and of foreign affairs.

At the zenith of free competition in Britain, between 1840 and 1860, her leading capitalist politicians declared themselves against colonial policy, considering the emancipation of the colonies and their complete separation from the Mother Country as being not only inevitable but very desirable. M. Beer shows in an article on *Modern British Imperialism*, published in 1898, that in 1852, Disraeli, despite his general inclination to an imperialist policy, nevertheless declared: "The colonies are millstones round our necks." But at the end of the 19th century, the heroes of the hour were Cecil Rhodes and Joseph Chamberlain, the open advocates of imperialism and the most cynical exponents of imperialist policy.

It is not without interest to observe that at this time the political managers of the British bourgeoisie were fully aware of the connection between what might be called the purely economic and the politico-social roots of modern imperialism.

Chamberlain gave his blessing to imperialism by calling it a "truly wise and economical policy," and he emphasized above all the fact that Germany, America and Belgium were competitors against Britain in the world market.

Salvation, said the capitalist founders of cartels, syndicates and trusts, lies in monopolies. Salvation lies in monopolies, echoed the political leaders of the bourgeoisie, hastening to appropriate parts of the world not yet shared out.

Stead, the journalist, relates how Cecil Rhodes, his close friend, said to him in 1895, in connection with his imperialist ideas: "Yesterday I was in the East End at an unemployed meeting. I heard inflammatory speeches: but they all echoed only one cry: 'We want bread! We want bread!' I thought about this on the way home, and I became more and more convinced of the importance of imperialism. My cherished idea provides a solution for the social problem. In order to

save 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must take possession of new lands suitable for peopling by the surplus population of this country, where we shall be able to find new markets for the goods produced in our factories and mines. The Empire, as I have always said, is a question of the belly. If you want to avoid civil war, you must become an imperialist."

Thus, in 1895, spoke Cecil Rhodes, millionaire, monarch of finance, the man who was mainly responsible for the Boer War.

To tabulate as exactly as possible the territorial division of the world, and the changes which have occurred during the last ten years, let us take advantage of the data furnished by Supan in the work already quoted. Supan examines the years 1876 and 1900. We take by way of comparison, the year 1876—a year happily selected, for it is precisely at that time that the development of Western European capitalism, in its pre-monopoly stage, can be considered, generally speaking, as completed; and we take also the year 1914. We replace Supan's figures by the more recent statistics of Hübner (*Geographical and Statistical Tables*):

Supan studied only the colonies; we think it useful, in order to make the picture of the division of the world more complete, to add summarized information on the non-colonial and semi-colonial countries, such as Persia, China and Turkey. Persia is already almost completely a colony; China and Turkey are on the way to becoming colonies. We obtain the following results:

Colonial Possessions of the Great Powers.

(In millions of square kilometers and in millions of inhabitants)

	COLONIES		"HOME"		TOTALS	
	1876 Area	1914 Pop.	1876 Area	1914 Pop.	1914 Area	1914 Pop.
Britain	22.5	251.9	33.5	393.5	.3	46.5
Russia	17.0	15.9	17.4	33.2	5.4	136.2
France .....	.9	6.0	10.6	55.5	.5	39.6
Germany	—	—	2.9	12.3	.5	64.9
U. S. A.	—	—	.3	9.7	9.4	97.0
Japan	—	—	.3	19.2	.4	53.0
Total	40.4	273.8	65.0	523.4	16.5	437.2
	—	—	—	—	—	81.5
						961.1

Colonies of other powers (Belgium, Holland, etc.)	9.9	45.3
Semi-colonial countries (Persia, China, Turkey)	14.5	361.0
Other countries	28.0	289.2
 Total Area and Population of the World.....	 133.9	 1656.6

We see from these figures how complete was the partition of the world at the end of the 19th and beginning of the 20th centuries. After 1876 colonial possessions are extended to an enormous degree, growing from 40 to 65 million square kilometers in area. For the six biggest powers the increase is one of 25 million square kilometers, that is, one and a half times greater than the area of the "Home" countries, 16½ million.

In 1876 three powers had no colonies, and a fourth, France, had scarcely any. In 1914, these four powers had 14.1 million square kilometers of colonies, or an area one and a half times greater than that of Europe, peopled with nearly 100,000,000 human beings.

The unequal rates of development in acquiring colonial possessions are very marked. Comparing, for instance, France, Germany and Japan—countries in which the area and population are not very different—it will be seen that the first (France) has annexed almost three times as much colonial area as the other two combined. But in finance-capital, France was also, at the beginning of the period we are considering, perhaps several times richer than Germany and Japan together.

Apart from and on the basis of purely economic causes, geographical conditions and other factors influence colonial development. However strong, during the last few decades, the process of equalization of the world, of levelling up the economic and living conditions in different countries, under the pressure of heavy industry, exchange and finance-capital, great differences also remain between the six great powers. We see young capitalist powers (America, Germany, Japan) progressing very rapidly, while countries with an old capitalist development (France and Britain) have made much slower headway of late; and, finally, there is Russia, the most backward country economically, in which the latest imperialist capitalism is enmeshed, so to speak, in a thick web of pre-capitalist relations.

Alongside of the colonial possessions of these great powers, we have placed the small colonies of the small States, which are the next possible and probable objects of a new colonial "share-out." Most of these little States only keep their colonies thanks to conflicting interests which prevent them from being divided up amongst the strong.

As for the semi-colonized States, they give us an example of the transitional forms which are to be found in all domains of nature and society. Finance-capital is such a great, it may be said such a decisive, force in all economic and international relations, that it is capable of subordinating itself, and actually does subordinate itself even to States enjoying complete political independence. We shall shortly see examples of this. But naturally it finds the greatest "convenience" and draws the biggest profits from a subordination involving the loss of the political independence of the countries and peoples in question.

In this connection the semi-colonized countries offer us a typical example of the middle course. It is natural that the struggle for these semi-dependent countries was bound to become particularly bitter during the period of finance-capital, the rest of the world being already shared out.

There was a colonial policy and an imperialism before the modern phase of capitalism, and even before capitalism. Rome, founded on slavery, carried out a colonial policy and gave effect to imperialism. But "general" reasonings on imperialism, which forget or tone down the fundamental difference of social-economic systems, infallibly degenerate into absolutely empty banalities, or into boasting, such as the comparison of the grandeur of Rome and the grandeur of Britain.

Even the colonial policy of capitalism in its *previous* phases is essentially different from that of finance-capital.

The principal characteristic of modern capitalism is the domination of monopolist alliances of the biggest capitalists. These monopolies are the most solid when *all* the sources of raw materials are controlled by the one group. And we have seen how furiously the international capitalist groups devote themselves to the task of making it quite impossible for an opponent to compete, by purchasing, for instance, all iron deposits or oil fields, etc. Colonial possession alone gives com-

plete guarantees of success to the monopolies against all the risks of the struggle against competitors, including the possibility of the latter defending themselves by means of a law establishing a State monopoly. The more capitalism develops, the more the need for raw materials arises; the more bitter competition becomes and the more feverishly the hunt for raw materials proceeds throughout the whole world, the more desperate becomes the struggle for the acquisition of colonies.

Schilder writes: "There is a fact which will seem to some people paradoxical, viz., that the increase of urban and industrial population will suffer, sooner or later, much less from a shortage of raw materials for industry than from a shortage of necessities of life. Thus the shortage of wood is making itself felt. The price of wood is rising, like the price of leather, and the price of raw materials necessary for the textile industry. Associations of manufacturers are trying to strike a balance between industry and agriculture on a world scale; note, for instance, the International Federation of Cotton Spinners' Associations in several important industrial countries, and the European Union of Flax Spinners' Associations founded on the same model in 1910."

The bourgeois reformists, of course, attempt to diminish the importance of facts of this kind by saying that it "would be possible" to obtain raw materials on an open market without a "costly and dangerous" colonial policy; and that it would be "possible" to greatly increase the supply of raw materials quite "simply" by improving agriculture. But these suggestions transform themselves into an apology for imperialism, because they are founded on a neglect of the principal characteristic of modern capitalism: monopoly. Free trade is becoming more and more a thing of the past. The combines and trusts are restricting it daily. And as for the "simple" improvement of agriculture, it resolves itself into a question of improving the condition of the masses, of raising wages and lowering profits. But are there, excepting in the imagination of the reformists, any trusts capable of interesting themselves in the condition of the masses instead of the conquest of colonies?

The already-known sources of raw materials are not the only ones to interest finance-capital. It is also interested in

possible sources of raw materials, because present-day technical development is extremely rapid, and because land which is to-day barren may be made fertile to-morrow with new processes, if big capital is devoted for that purpose. (To discover these new processes a big bank can equip a whole expedition of engineers, agricultural experts, etc.) This also applies to boring for materials, etc. Hence the inevitable tendency of finance-capital to extend its economic territory and even its uneconomic territory. In the same way that the trusts capitalize their property by estimating it at two or three times its value, taking into consideration its "possible" future revenues and the further results of monopoly, so finance-capital tends in general to take possession of the greatest area of land of any and every kind in any and every place and in any and every way, estimating possibilities of finding raw materials there, and fearing to be left behind in the insensate struggle for the last available scraps of unappropriated territory, or for the re-partition of that which was already appropriated.

The British capitalists are performing prodigies in order to develop cotton growing in their Egyptian colony. (In 1904, out of 2.3 million hectares of land under cultivation, 0.6 millions, or more than a quarter, were devoted to cotton growing.) The Russians are doing the same in *their* colony, Turkestan. And in each case it is because they can thus beat their competitors more easily, and more easily achieve the monopolization of the sources of raw materials and the formation of a united textile trust, economical and profitable, embracing all the processes of production and of manufacturing under a single control.

The interests which export capital press on in their turn to the conquest of colonies, for it is easier on the colonial market—and sometimes it is only possible on the colonial market—to drive away a competitor by means of monopoly, to make sure of orders, to strengthen the necessary "connections," etc.

The non-economic super-structure which grows up on the basis of finance-capital, its politics and its ideology, supports the tendency to colonial conquest. "Finance-capital does not

want liberty, it wants domination," as Hilferding very truly says. And a French bourgeois writer, developing and supplementing, as it were, the ideas of Cecil Rhodes, whom we previously mentioned, writes that social causes should be added to the economic causes of modern colonial policy.

"As a result of the increasing complexity of life, a complexity and a difficulty weighing not only on the working masses, but also on the middle classes, impatience, irritation and hatred are accumulating in all the countries of the old civilization, and are a menace to public calm. Energy, rising out of the rut of a class, must be found employment and an outlet abroad, so as to prevent an explosion within."

Once we are speaking of colonial policy in the period of capitalist imperialism, it is indispensable to note that finance-capital and the international policy which is proper to it, and which resolves itself into the struggle of the great Powers for the economic and political division of the world, gives rise to a number of *transitional* forms of State dependence. And the division into two principal groups of countries—possessors of colonies and colonized areas—is not sufficient to characterize the period. It is necessary to take into account the various kinds of dependence of countries which are politically independent in form but are surrounded in reality with a fine network of financial and diplomatic bonds. We have already drawn attention to the semi-colonies; they give effect to one of these forms of dependence. Here is another of which Argentina provides us with an example.

"South America, and especially Argentina," writes Schulz-Gaevernitz in his work on British Imperialism, "is so dependent financially on London that it must almost be called a commercial colony of England." The capital invested by England in Argentina was estimated by Schilder on the information of the Austro-Hungarian consul at Buenos Aires, to be worth 8,750 millions of francs in 1909. It is not difficult to imagine what solid bonds, consequently, finance-capital (and its faithful ally, diplomacy) create between Britain and the Argentine bourgeoisie, what influence it guarantees Britain with those who control all the economic and political life of the country.

The example of Portugal shows us a somewhat different

form of financial and diplomatic dependence coinciding with political independence. Portugal is an independent sovereign State. But in fact, for more than two hundred years, since the war of the Spanish Succession (1700-1714), it has been under British protection. The British have defended Portugal and its colonies in order to fortify their own positions against Spain and France. In return they have received commercial advantages, preferential import of goods and, above all, of capital into Portugal and the Portuguese colonies, the right to use the ports and islands of Portugal, its telegraph cables, etc.

Relations of this kind, between big and little States, have always existed. But during the period of capitalist imperialism they become a general system, they form a part of the process of dividing up the world, they constitute, in short, one of the links in the chain of operations of world finance-capital.

Before leaving the question of the division of the world, we have still to remark the following. American literature after the Spanish-American war, and English literature after the Boer War, clearly and definitely stated this question at the end of the 19th century. German literature which always follows "zealously" on the track of "British Imperialism," systematically recorded its progress. This is not all. French bourgeois literature raises the question in terms as wide and clear as it is possible to do so from the bourgeois point of view. Let us quote Ed. Driault, the historian, who wrote the following in his book, "*Social and Political Problems at the End of the XIX Century*," in the chapter on the great powers and the division of the world:

"During recent years, all the free territory on the earth, with the exception of China, has been occupied by the powers of Europe and North America. Many conflicts have already occurred over this matter, and many displacements of interest foreshadow in the near future conflagrations which will be much more terrible. For it is necessary to make haste. The nations which are not provided with colonies run the risk of never receiving their share, and never participating in the tremendous exploitation of the earth which will be one of the essential features of the next century (*i.e.*, the 20th).

That is why all Europe and America has lately become seized by the fever of colonial expansion of 'imperialism,' that most characteristic and most noteworthy feature of the end of the 19th century." And the author adds: "In this partition of the world, in this furious pursuit of the treasure, and of the big markets of the earth, the comparative forces of the empires founded in this 19th century are totally out of proportion with the place occupied in Europe by the nations who founded them. The dominant powers in Europe, those which decide the destinies of the Continent, are not similarly preponderant in the whole of the world. And, as colonial power, the hope of controlling hitherto unknown wealth, will obviously influence the relative strengths of the European powers, the colonial question—'imperialism' if you prefer it—which has already transformed the political conditions of Europe, will modify them more and more as time goes on."

CHAPTER VII

IMPERIALISM AS A SPECIAL STAGE OF CAPITALISM

WE are now going to make an attempt to strike accounts, to summarize what we have said on the subject of imperialism.

Imperialism emerged as the development and direct continuation of the essential qualities of capitalism in general. But capitalism only became capitalist imperialism at a definite and a very high stage of its development, when certain of its essential qualities began to be transformed into their opposites, when the features of a period of transition from capitalism to a higher social and economic structure began to take shape and be revealed all along the line.

The feature that is economically essential in this process is the substitution of capitalist monopolies for capitalist free competition. Free competition is the fundamental quality of capitalism, and of commodity production generally. Monopoly is exactly the opposite of free competition; but we have seen this latter beginning to be transformed into monopoly beneath our very eyes, creating big industry and eliminating small, replacing big industry by still bigger industry, finally leading to such a concentration of production and capital that monopoly has been and is the result: cartels, combines and trusts, and, fusing with them, the power of a dozen or so banks manipulating thousands of millions. At the same time monopoly, which has sprung from free competition, does not drive the latter out of existence, but co-exists over it and with it, thus giving rise to a number of very acute and very great contradictions, antagonisms and conflicts. Monopoly is the transition from capitalism to a more highly developed order.

If it were necessary to give the briefest possible definition of imperialism, it would be defined as the monopoly stage of capitalism. Such a definition would include the essential

feature; for, on the one hand, finance-capital is the banking capital of the few biggest monopolist banks, fused with the capital of the monopolist groups of manufacturers; and, on the other, the division of the world is a transition from a colonial policy, ceaselessly extended without encountering opposition in regions not as yet appropriated by any capitalist power, to a colonial policy of monopolized territorial possession—the sharing out of the world being completed.

But very brief definitions, although convenient because they summarize the principal data, are nevertheless insufficient if the important features of the phenomenon defined are to be characterized. And so, without forgetting the conditional and relative value of all definitions, which can never include all the manifestations of a phenomenon in its process of development, we must give a definition of imperialism embracing its five essential features:

- (1) The concentration of production and capital, developed so highly that it creates monopolies which play a decisive role in economic life.
- (2) The fusion of banking capital with industrial capital and the creation, on the basis of this financial capital, of a financial oligarchy.
- (3) The export of capital, which has become extremely important, as distinguished from the export of commodities.
- (4) The formation of international capitalist monopolies which share out the world amongst themselves.
- (5) The territorial division of the whole earth completed by the greatest capitalist powers.

Imperialism is capitalism in that phase of its development in which the domination of monopolies and finance-capital has established itself; in which the export of capital has acquired very great importance; in which the division of the world among the big international trusts has begun; in which the partition of all the territories of the earth amongst the great capitalist powers has been completed.

We shall see later how imperialism may and must be defined if consideration is given not only to the economic factors —to which the above definition is limited—but also to the

historical place of this phase of capitalism as an aspect of capitalism in general or of the relations between imperialism and the two fundamental tendencies of the working class movement. The point to be noted just now is that imperialism, as we understand it, undeniably represents a particular phase of capitalist development. To convince the reader of this fact we have deliberately quoted as often as possible *bourgeois* economists, who are obliged to recognize beyond dispute the facts of modern capitalist economy. With the same object we have produced detailed statistics which reveal the extent to which banking capital has developed, etc., showing how the transition from quantity to quality, from adult capitalism to imperialism, has expressed itself. Needless to say, the boundaries of all transition stages, both in nature and in society, are arbitrary and shifting and it would consequently be absurd to discuss the exact year or the decade in which imperialism "definitely" became established.

In this matter of defining imperialism it is chiefly with Karl Kautsky, the principal Marxist theoretician of the period of the Second International—that is, of the twenty-five years between 1889 and 1914—that issue must be joined.

Kautsky, in 1915 and even from November, 1914, decisively attacked the fundamental ideas expressed in our definition of imperialism. Kautsky said that imperialism must be considered not as a "phase" or as an economic stage, but as a policy; more precisely as the policy "preferred" by finance-capital; that imperialism cannot be "identified" with "contemporary capitalism"; that if capitalism must be taken to include "all the phenomena of contemporary capitalism"—the trusts, the cartels, protectionism, the hegemony of the financiers, and colonial policy—then the statement that imperialism is necessary to capitalism becomes reduced to "the most stale tautology"; because imperialism then becomes "naturally a vital necessity for capitalism," and so on. We shall most exactly express Kautsky's thought by quoting his definition of imperialism, which is directly opposed to the ideas which we set forth (Kautsky having known for a long time of the arguments used for many years by the German Marxians in defence of these ideas, and having known the

ideas to exist as a tendency in Marxism). Kautsky's definition states:

"Imperialism is the product of highly developed industrial capitalism. It is the tendency of every industrial capitalist nation to annex or to bring under its control all the big *agrarian* regions (Kautsky's italics) irrespective of what nations inhabit those regions."

This definition is entirely wrong, because it is one-sided, *i.e.*, it selects the national question (admittedly of the greatest importance, by itself, and in its relation to imperialism) and it relates this question arbitrarily and *inaccurately* to industrial capital *alone*, in the countries which annex other nations, while at the same time it emphasizes, in an equally arbitrary and inaccurate manner, the annexation of *agrarian* regions.

Imperialism is a tendency to annexations—this is what the political part of Kautsky's definition amounts to. It is true, but very incomplete, for politically imperialism is a tendency to violence and reaction in general. But here we interest ourselves in the *economic* aspect of the question, as introduced by Kautsky in *his* definition. On this point he commits crying errors. Imperialism is characterized *not* by industrial capital, but by finance-capital. It is not by accident that the particularly rapid development of *finance*-capital in France, coinciding with the weakening of industrial capital, provoked, from 1880 and onwards, an extreme extension of annexationist (colonial) policy.

And it is characteristic of imperialism to strive to annex not only agricultural regions, but even highly-industrialized regions (German appetites about Belgium, French appetites for Lorraine), because (1) the fact that the world is already partitioned obliges those contemplating a new partition to stretch out their hands to *every* territory, and (2) because the rivalry of several great powers striving for hegemony, *i.e.*, for the conquest of territory, not so much for their own advantage as to weaken the adversary and undermine his hegemony—this is an essential feature of imperialism (*e.g.*, Belgium is chiefly necessary to Germany as a base for operations against England; England needs Bagdad as a base for operations against Germany, etc.).

Kautsky refers more especially—and many times—to English writers who, he alleges, have established the purely political meaning of the word "imperialism" in Kautsky's sense. Let us refer to Hobson's book, *Imperialism*, which appeared in 1902.

"The new Imperialism differs from the old, first in substituting for the ambition of a single growing empire the theory and the practice of competing empires, each motived by similar lusts of political aggrandizement and commercial gain; secondly, in the dominance of financial or investing over mercantile interests."

We thus see that Kautsky is absolutely wrong in referring to English writers (unless he means to quote the most vulgar English imperialist writers, or the direct apologists for imperialism). We see that Kautsky, while pretending to defend Marxism, is really taking a step to the rear as compared with the *liberal* Hobson, who justly takes account of two "historical concrete" peculiarities of modern imperialism: (1) the competition between *several* imperialisms and (2) the supremacy of the financier over the merchant.

Yet if it were chiefly a question of the annexation of agricultural countries by industrial countries, the most important role would be played by the merchant.

But Kautsky's definition is not only false and foreign to Marxism. It serves as a basis for a whole system which breaks away all along the line from Marxian theory and practice, of which we shall speak again later. The verbal debate raised by Kautsky as to whether the modern stage of capitalism should be called "imperialism" or "the finance-capital stage" is of no importance. Call it what you will, it matters little. The important fact is that Kautsky detaches the policy of imperialism from its economics, speaks of annexations as being a policy "preferred" by finance-capital, and opposes to it another bourgeois policy which he alleges to be possible on the same basis of finance-capital. It appears from this that monopolies, in economics, are compatible with methods which are neither monopolistic, nor violent, nor annexationist in politics. It appears from this that the territorial division of the world, which was completed during the period of finance-

capital and which determines the peculiarity of the present forms of rivalry between the great capitalist States, is compatible with a non-imperialist policy.

The result is a slurring-over and a concealment of the most profound contradictions of the latest stage of capitalism, instead of an exposure of their depth. The result is bourgeois reformism instead of Marxism.

Kautsky enters into controversy with Cunow, the German apologist of imperialism and annexations whose cynical and crude argument runs as follows: Imperialism is modern capitalism; the development of capitalism is inevitable and progressive; therefore imperialism is progressive; therefore, we should bow down before it and chant its praises. Something like the caricature which was drawn about 1894-95 by the Russian *Narodniki* (populists) against the Marxists.

If the Marxists, they used to say to us, consider capitalism in Russia to be inevitable and a progressive move, why don't they open a public-house and begin to encourage capitalism!

Kautsky's "reply" to Cunow is as follows: "Imperialism is not modern capitalism. It is only one of the forms of its policy. This policy we can and should fight against; we can and should fight against imperialism, annexations, etc."

The reply looks good. But it amounts in effect to nothing but a more cunning, more disguised (and, therefore, more dangerous) propaganda of reconciliation. For the "struggle" against the policy of the trusts and banks, unless it strikes at the economic basis of the trusts and banks, reduces itself to nothing but bourgeois reformism and pacifism, to innocent and benevolent expression of pious hopes. To avoid mentioning existing contradictions, to forget the most important of them instead of revealing them in their full depth—this is Kautsky's theory.

"From a purely economic point of view," writes Kautsky, "it is not impossible that capitalism will yet go through a new phase, that of the extension of the policy of the cartels to foreign policy, or of ultra-imperialism." That is, of a super-imperialism, of the union of world imperialisms and not of their struggles; a phase when wars shall cease under

capitalist rule, a phase of "the exploitation of the earth by finance-capital internationally united."

We shall have to dwell on this "theory of ultra-imperialism" to show how definitely and utterly it breaks with Marxism. According to the plan of the present essay, let us consult in this matter the exact economic data relating to it. Is "ultra-imperialism" possible "from the purely economic point of view?"

If the "purely economic point of view" means pure abstraction, all that can be said resolves itself into the following proposition: the evolution of capitalism tends to monopolies, hence it tends to a united world monopoly, to a universal trust. This is undeniable, but it is also completely devoid of meaning.

If, on the other hand, we are discussing the "purely economic" conditions of the period of finance-capital, considered as an actual historical period at the beginning of the 20th century, then lifeless abstractions about imperialism are best refuted by the concrete economic realities of the present world situation. (Kautsky's line of argument on "ultra-imperialism," encourages, amongst other things, that profoundly mistaken idea, which only brings grist to the mill of the apologists of imperialism, that the domination of finance-capital *weakens* the inequalities and contradictions of world economy, whereas in reality it *strengthens* them.)

R. Calwer attempted in his little book, *An Introduction to World Economics*, to summarize the main purely economic data required to understand, in a concrete way, the internal relations of world economy at the end of the 19th and beginning of the 20th centuries. He divides the world into five "main economic areas," as follows: (1) Central Europe (the whole of Europe with the exception of Russia and Britain); (2) Britain; (3) Russia; (4) Eastern Asia; (5) America; and he includes the colonies in the "areas" of the State to which they belong, "setting on one side a small number of countries not yet situated in these areas, such as Persia, Afghanistan, Arabia, Morocco and Abyssinia."

Here is a summary of these economic data:

IMPERIALISM

CHIEF ECONOMIC AREAS	Area	Pop.	Transport		Trade	Industry		
	in millions of sq. kms.	in millions	Rlys. in thous. of km.	Merch. fleet in mills. of tons	Impt. & expt. in mds. of mks.	Output of coal in mls. of tons.	Output of iron in mls. spindles of tons.	No. of (mls.)
Central Europe.	27.6	388	204	8	41	251	15	26
	[23.6]	[146]						
British	28.9	398	140	11	25	249	9	51
	[28.4]	[355]						
Russian	22.6	131	63	1	3	16	3	7
Eastern Asia.....	12	389	8	1	2	8	00.2	2
America	30	148	379	6	14	245	14	19

The figures in brackets show the area and population of the colonies.

We notice three areas of highly developed capitalism—that is, with a high development of means of transport, of trade and of industry. They are the Central European, the British areas, and the American. Amongst them are three States which dominate the world: Germany, Britain, the United States. Imperialist rivalry and the struggle between them have become very keen because Germany only has a restricted area and few colonies (the creation of "Central Europe" being not yet achieved, and it is being fashioned in a life-and-death struggle).

For the moment the distinctive feature of Europe is political division. In the British and American areas, on the other hand, political concentration is very highly-developed, but there is a tremendous disproportion between the immense colonies of the one and the insignificant colonies of the other. In the colonies, capitalism is only beginning to develop. The struggle for South America becomes more and more bitter.

There are two areas of weak capitalist development: Russia and Eastern Asia. In the former the density of population is not great, in the latter it is very high; in the former, political concentration is very high, in the latter it does not exist. The partition of China is only beginning, and the competition between Japan and the U. S. A. in connection therewith is continually gaining in intensity.

Compare the ideas of Kautsky about "peaceful" ultra-imperialism with this stern reality, with the vast diversity of economic and political conditions, with the extreme dispro-

portion of the rate of development of different countries, with the violent struggles of the imperialist States. As for the international cartels in which Kautsky sees the embryo of ultra-imperialism, do they not provide us with an example of the partition of the world and of its re-partition—of the transition from peaceful sharing out to warlike sharing out, and *vice versa*? American and other finance-capital which has peacefully shared-out the world with the participation of Germany—in the international railway combine, for example, or in the international merchant marine—is it not now re-dividing the world on the basis of new alignments of forces resulting from changes which are by no means of a peaceful nature?

Finance-capital and the trusts are aggravating instead of diminishing the differences between the rates of development of different parts in the world economy. When the alignments of forces are modified, where, *under capitalism*, can the solution of contradictions be found, if not in the resort to force?

We have in railway statistics some remarkably exact data on the different rates of development of capitalism and finance-capital in world economy. In the last decades of capitalist development, the total length of railways, expressed in thousands of kilometers, has altered as follows:

	1890	1913	Increase
Europe	224	346	122
U. S. A.....	268	411	143
Colonies (total).....	82	210	128
Independent or semi-dependent states of Asia and America	125	347	222
	43	137	94
	<hr/>	<hr/>	
	617	1,104	

The development of railway lines has, therefore, been more rapid in the colonies and in the independent or semi-independent States of Asia and America. Here finance-capital of the four or five biggest capitalist States reigns undisputed. Two hundred thousand kilometers of new railway lines in the colonies and in the other countries of Asia and America repre-

sent more than 40 milliards of marks in capital, newly-invested under particularly advantageous conditions, with special guarantees of a good return, and with fruitful orders for the steel works, etc., etc.

Capitalism is growing with the greatest rapidity of all in the colonies and in trans-oceanic countries. Amongst the latter *new* imperialist powers are emerging (e.g., Japan). The struggle of world imperialisms is becoming aggravated. The tribute levied by finance-capital on the most profitable colonial and trans-oceanic enterprises is increasing. In the process of sharing-out this booty, an exceptionally large part comes back to countries which, as far as increase of production is concerned, do not stand at the top of the list. In the case of the great powers considered with their colonies, the total length of railways (in thousands of kilometers) was as follows:

	1890	1913	Increase
U. S. A.....	268	413	145
British Empire.....	107	208	101
Russia	32	78	46
Germany	43	68	25
France	41	63	22
 Total	 491	 830	 339

Eighty per cent. of the total existing railways are, therefore, concentrated in the hands of the five greatest powers. But the concentration of the *ownership* of these railways, that of finance-capital, is much greater still; French and English millionaires, for example, being the possessors of an enormous number of stocks and shares in American, Russian and other railways. Thanks to "its" colonies, Britain has increased its length of railways by 100,000 kilometers, four times as much as Germany. Meanwhile the development of productive forces in Germany during the same lapse of time, and especially the development of the coal and iron industries, has been much more rapid than in England—not to mention France and Russia.

In 1892, Germany produced 4,200,000 tons of pig-iron, and Britain 6,800,000 tons; in 1912, Germany produced 17,600,000 tons and Britain 9,000,000 tons. Germany had,

therefore, an overwhelming superiority over England in this matter.

We ask, was there *under capitalism* any means of remedying the disproportion between the development of production and the accumulation of capital on the one side, and the division of colonies and spheres of influence by finance-capital on the other side—other than by the resort to arms?

CHAPTER VIII

PARASITISM AND THE DECAY OF CAPITALISM

WE have yet to examine a very important aspect of imperialism, an aspect to which too little attention is generally assigned in the treatment of this subject. One of the defects of the Marxist, Hilferding, is that, as compared with the non-Marxist Hobson, he has taken a step to the rear in this regard. We intend to deal with the parasitism which is characteristic of imperialism.

As we have seen, the most deeply-rooted economic foundation of imperialism is monopoly. It is capitalist monopoly, that is monopoly which has grown out of capitalism, and exists in the general capitalist environment, of commodity production of goods and competition, and remains in permanent and insoluble contradiction with this general environment.

However, like all monopoly, this capitalist monopoly infallibly gives rise to a tendency to stagnation and decay. In proportion as the monopoly prices become fixed, even though it be temporarily, so the stimulus to all progress tends to disappear: and so also arises the *economic* possibility of slowing down technical progress. For instance, in America a certain Mr. Owens invents a machine intended to revolutionize the manufacture of bottles. The German bottle-manufacturing trust buys the patent from Owens and keeps it in its strong-rooms, thus holding up its utilization. Certainly monopoly under capitalism can never completely, and for a long time, set aside competition on the world market. Certainly, the possibility of diminishing the costs of production and increasing profits by introducing technical improvements, is an influence in the direction of change. Even so, the *tendency* to stagnation and corruption which is characteristic of monopoly continues to make itself felt, and in certain spheres of production, in certain countries, for certain periods of time, it takes the upper hand.

Ownership (monopoly) of colonies which are especially big, rich and well situated, acts in the same way.

Moreover, Imperialism is an immense concentration of money capital in a few countries, a concentration which amounts to 100 or 150 milliard francs in various securities. Hence the inevitable development of a class, or rather of a category, of bondholders (*rentiers*), people who live by clipping coupons, people entirely strangers to activity in any enterprise whatever, people whose profession is idleness. The export of capital, one of the essential economic bases of imperialism, detaches still more bondholders from production; and sets the seal of parasitism on the whole country living on the labor of several overseas countries and colonies.

"In 1893," writes Hobson, "British capital invested abroad represented about 15 per cent. of the total wealth of the United Kingdom." Let us remember that in 1915 this capital had increased about two and a half times. "Aggressive imperialism," says Hobson further on, "which costs the taxpayers so dear, and means so little for the manufacturer and the trader, is a source of very great profit to the investor."

The annual revenue which Great Britain receives from all its foreign and colonial trade, export and import, is estimated by Giffen, the statistician, at £18,000,000 sterling for 1899, calculating an average revenue of 2.5 per cent. on the total sum of £800,000,000 business.

However important this amount may be, it is not enough to explain the aggressive imperialism of Great Britain. This is explained by the 90 to 100 million pounds sterling in revenue drawn from capital "invested" in revenue drawn in the shape of interest by bondholders.

The revenue of the British bondholders is *five times greater* than that from the foreign trade of the greatest trading country in the world. Such is the essence of imperialism and imperialist parasitism.

And so the notion of a "Bondholder State" (*Rentnerstaat*) or of a money-lending State is passing into current use in economic literature dealing with imperialism. The world has fallen apart into a handful of money-lending States and a vast majority of debtor-States.

"Amongst investments abroad," says Schulze-Gaevernitz,

"first rank must be assigned to those settled upon countries which are allied or politically dependent: Britain gives loans to Egypt, Japan, China, South America. Her fleet plays the part of policeman in case of necessity. Britain's political power protects her from a revolt of her debtors." Sartorius von Waltershausen in his work on the *State System of Investing Abroad*, gives Holland as the model money-lending State, and points out that Britain and France have set their feet in the same path. Schilder considers that five industrial nations have become "very typical creditor nations": Britain, France, Germany, Belgium and Switzerland. Holland does not appear on this list simply because it is "slightly industrialized." The United States are creditors only of other American countries.

"Britain is being gradually transformed from an industrial State into a creditor State. In spite of the absolute increase in industrial production and export, the relative importance of revenue, from interest and dividends, issues and speculations is on the increase when the whole national economy is taken into account. In my opinion, it is precisely this fact which is at the base of imperialist expansion. The creditor is more firmly tied to the debtor than the merchant is to the buyer." (Schulze-Gaevernitz.)

Concerning Germany, A. Lansburg, the editor of *Die Bank* wrote the following in 1911 in an article entitled, *Germany as a Bondholder Nation*: "People laugh willingly in Germany at the tendency which France has to become a Bondholder Nation. But they forget that, so far as the middle class is concerned, the situation in Germany is becoming more and more like that in France."

The Rentier State is the state of parasitic decaying capitalism, and this circumstance cannot fail to influence all the social-political relations of the country affected; and particularly the two fundamental tendencies of the working class movement. To make this stand out most clearly, let us listen to Hobson, whose testimony inspires more confidence since he cannot be suspected of leanings to "orthodox Marxism"; and since, being English, this author is well acquainted with the situation which exists in the country which is richest in colonies, in finance-capital, and in imperialist experience.

Describing the connection between imperialism and the financiers, the growing profits from armaments, etc., Hobson, with the Boer War fresh in his mind, wrote as follows:

"The people directing this definitely parasitical policy are the capitalists; but the same causes influence various sections of workers. In numerous towns the most important industries depend upon orders from the government. The imperialism of the metallurgical and shipbuilding centers is largely due to this fact."

The author quoted considers that there are two causes which weakened former empires, viz., "economic parasitism" and the formation of armies composed of subject races. The first is the custom of economic parasitism, in virtue of which the ruling State makes use of its provinces, its colonies, and its dependencies, to enrich its ruling class and to corrupt its lower classes in order to keep them quiet." Let us add for our part that the economic possibility of such corruption, whatever may be its form, requires the inflated profits produced by monopoly.

As for the second cause, Hobson writes: "One of the strangest symptoms of the blindness of Imperialism is the reckless indifference with which Great Britain, France and other imperial nations are embarking on this perilous dependence. Great Britain has gone farthest. Most of the fighting by which we have won our Indian Empire has been done more recently by natives. In India, as in Egypt, great standing armies are placed under British commanders: almost all the fighting associated with our African dominions, except in the Southern part, has been done for us by natives."

In the following words Hobson draws a picture of the possible results following the partition of China:

"The greater part of Western Europe might then assume the appearance and character already exhibited by tracts of country in the South of England, in the Riviera, and in the tourist-ridden or residential parts of Italy and Switzerland, little clusters of wealthy aristocrats drawing dividends and pensions from the Far East, with a somewhat larger group of professional retainers and tradesmen and a large body of personal servants and workers in the transport trade and in the final stages of the production of the more perishable goods;

all the main arterial industries would have disappeared, the staple foods and manufactures flowing in as tribute from Asia and Africa.

"We have foreshadowed the possibility of even a larger alliance of Western States, a European federation of great Powers, which, so far from forwarding the cause of world-civilization, might introduce the gigantic peril of a Western parasitism, a group of advanced industrial nations, whose upper classes drew vast tribute from Asia and Africa, with which they supported great tame masses of retainers, no longer engaged in the staple industries of agriculture and manufacture, but kept in the performance of personal or minor industrial services under the control of a new financial aristocracy. Let those who would scout such a theory as undeserving of consideration examine the economic and social conditions of districts in Southern England to-day, which are already reduced to this condition and reflect upon the vast extension of such a system which might be rendered feasible by the subjection of China to the economic control of similar groups of financiers, investors and political and business officials, draining the greatest potential reservoir of profit the world has ever known, in order to consume it in Europe. The situation is far too complex, the play of world forces far too incalculable, to render this or any other single interpretation of the future very probable; but the influences which govern the Imperialism of Western Europe to-day are moving in this direction, and, unless counteracted or diverted, make towards some such consummation."

Hobson is quite right. If the forces of imperialism do not meet with resistance, they will lead to what he has described. The meaning of the "United States of Europe," in the contemporary imperialist sense, is correctly appreciated by him. He should only have added that, even *inside* the working class movement, the opportunists, who are for the moment dominant in nearly all countries, are "working" systematically and without exception in this very direction. Imperialism, which means the partition of the world and the exploitation not of China alone, and which means the high profits of monopoly for a handful of very rich countries, creates the economic possibility of corrupting the upper layers of the proletariat,

and thereby nourishes, defines and strengthens opportunism. Only, it must not be forgotten that the Social-Liberal Hobson naturally cannot see the forces acting directly against imperialism in general and opportunism in particular.

The German opportunist, Gerhard Hildebrand, who in his day was expelled from the Party for defending imperialism, and would to-day make an excellent leader for the so-called "Social-Democratic" Party of Germany, completes Hobson's theory by giving his blessing to the formation of a "United States of Western Europe" (without Russia) for "joint" action against . . . the African negroes, the "great Islamic movement"; for the "upkeep of a powerful army and navy against the Chino-Japanese coalition."

The description of British Imperialism in Schulze-Gaevertz's book shows us the same parasitical traits. The national income of Great Britain approximately doubled from 1865 to 1898, while the income "coming from abroad" increased nine times in the same period. If the "education of the negro for work" (an education which cannot do without compulsion) is a merit of imperialism, then the "danger" of imperialism is that "Europe will shift the burden of physical toil—first agricultural and mining, then of heavy industry—on to the black races, and will remain itself at leisure in the occupation of bondholder, thus perhaps paving the way for the economic and, later, the political emancipation of the colored races."

An increasing proportion of land is being taken away from agriculture in Britain for sport, the diversion of the rich. It is said of Scotland—the most aristocratic meeting place for hunting and for sport—that it "lives on its past and on Mr. Carnegie." Britain annually spends £14,000,000 sterling on racing and fox-hunting. The number of bondholders in Great Britain has risen to about 1,000,000. The percentage of producers amongst the total population is becoming smaller.

Years.	No. of workers		Percentage of producers in the total.
	Population in millions.	in the big industries.	
1851.....	17.9	4.1	23 per cent.
1901.....	32.5	4.9	15 per cent.

And, in speaking of the British working class, the bourgeois student of British Imperialism in the 20th Century, is obliged

to distinguish systematically between the "upper layers" and the "lower layers, or proletarians properly so called." The upper layers furnish the main body of co-operators, of trade unionists, of members of sporting bodies, and of numerous religious sects. Universal suffrage, which is still "sufficiently restricted" in Britain "to exclude the lower layers of proletarians properly so called," is adapted to their needs. In order to present the condition of the British working class under its best possible aspect, only this upper layer—which constitutes only a minority of the proletariat—is generally spoken of. For instance: "The question of unemployment is mainly a question of London and the lower proletarian elements, about whom the politicians *care little*." It would be better to say: with whom the bourgeois politicians and the "Socialist" opportunists reckon little.

Amongst the special features of imperialism, connected with the facts that we are describing, there is the decreased rate of emigration from imperialist countries, and the increased rate of emigration from the backward countries, where low wages are paid, into the former. English emigration, Hobson remarks, begins to fall off after 1884. In that year 242,000 emigrants left England. In 1900, only 169,000 English people left the mother country. German emigration reached its maximum between 1880 and 1890 with a total of 1,453,000 emigrants. In the course of the following two decades it fell to 544,000 and 341,000, respectively.

On the other hand there was an increase in the number of workers coming into Germany from Austria, Italy, Russia and other countries. According to the 1907 census, there were 1,342,294 foreigners in Germany, of whom 440,800 were industrial workers and 257,329 were agricultural workers.

In France, "a notable proportion" of mining workers consists of foreigners: Polish, Italian and Spanish. In the United States, immigrants from Eastern and Southern Europe provide the most poorly-paid work hands, and American workers provide the highest percentage of overseers or of better-paid workers. Imperialism has thus a tendency to create privileged sections amongst the workers, too, and to detach them from the main proletarian masses.

It is worth noticing that in Britain, the tendency of imperialism to divide the toilers in this way, to encourage opportunism amongst them, and to give rise to a temporary organic decay in the working class movement, showed itself much earlier than the end of the 19th and beginning of the 20th centuries. For two big distinctive features of imperialism applied to Britain from midway through the 19th century: vast colonial possessions and a monopolist position in world markets. Marx and Engels systematically followed, over some decades, this relation between working class opportunism and the imperialistic peculiarities of English capitalism. Engels, for instance, wrote the following to Marx on October 7th, 1858: "The English working class is actually becoming more and more bourgeois, which would seem to show that this most bourgeois of all the nations apparently wanted to bring matters to such a pass as to have a bourgeois aristocracy and a bourgeois proletariat *side by side* with the bourgeoisie. Obviously this is, to a certain extent, well calculated on the part of a nation which is exploiting the whole world." Almost a quarter of a century later on, in a letter of August 11th, 1881, Engels speaks of the worst English trade unions which "allow themselves to be led by men brought by the capitalists or at least paid by them." In a letter to Kautsky, of September 12th, 1882, Engels wrote: "You ask me what the English workers think of colonial policy? The same thing as they think about politics in general. There is no working class party here, there are only Conservative and Liberal Radicals, and the workers very quietly enjoy together with them the fruits of the British colonial monopoly and of the British monopoly of the world market." Engels set forth these ideas for the general public in his preface to the second edition of *The Condition of the English Working Class* which appeared in 1892.

Here he clearly points out causes and effects. The causes are:

- (1) Exploitation of the whole world by this country.
- (2) Its monopolistic position on the world market.
- (3) Its colonial monopoly.

The effects are:

- (1) The transformation of a section of the British workers into the middle class.
- (2) The opportunity of leading it which part of the working class accords to a section corrupted by the capitalist class, or at least paid by it.

Now, the imperialism of the beginning of the 20th century has completed the division of the world amongst a very few States, each of which to-day exploits (*i.e.*, draws surplus-value from) a part of the world scarcely less than England exploited in 1858. Each of them retains, by means of trusts, cartels, finance-capital, and the relations between debtors and creditors, a monopoly position on the world market. Each of them enjoys to some degree a colonial monopoly. (We have seen that, of 75,000,000 sq. km. of total colonial area, 65,000,000 sq. km., or 86 per cent. belong to six great powers: 61,000,000 sq. km., or 81 per cent. belong to three powers.)

The special feature of the present situation consists in such economic and political conditions as could not but intensify the incompatability between opportunism and the general and vital interests of the working class. Embryonic imperialism has become a dominant system; capitalist monopolies have come to occupy the chief place in economics and politics; the division of the world has been completed. On the other hand, instead of an undisputed monopoly by Britain, we see a few imperialist powers disputing among themselves as to the sharing in this monopoly and this struggle is characteristic of the whole period at the beginning of the twentieth century.

Opportunism can, therefore, no longer triumph in the working class of any country for long decades, as was the case in England in the second half of the 19th century. But, in certain countries it has grown ripe, over-ripe and rotten, and has become entirely confused with bourgeois policy in the shape of "socialist jingoism."

CHAPTER IX

THE CRITIQUE OF IMPERIALISM

WE understand the critique of imperialism, in the broad sense of the term, to mean the attitude towards imperialist policy of the different classes of society taken as part of their general outlook.

The enormous dimensions of finance-capital concentrated in a few hands and creating an extremely extensive network of close ties and relationships which involves not only the small and medium capitalists, but also even the very small; this, on the one hand, and on the other the bitter struggle against other national State groups of financiers for the partition of the world and the right to rule over other countries—these two factors taken together cause the complete conversion of all the possessing classes to the side of imperialism. The signs of the times are a “general” enthusiasm regarding its prospects, a passionate defence of imperialism, and every possible camouflage of its real nature. The imperialist outlook also penetrates the working class. There is no Chinese wall between it and the other classes. And the leaders of the so-called “Social-Democratic” Party of Germany are to-day justly called Social-Imperialists; that is, Socialists in words and Imperialists in deeds. But as early as 1902, Hobson noted the existence of “Fabian Imperialists” belonging to the opportunist *Fabian Society*.

The bourgeois scholars and publicists generally undertake the defence of imperialism only in a somewhat veiled form, neglecting or concealing its complete domination and its profound roots, trying to concentrate attention on special aspects and secondary characteristics and doing their very best to distract attention from the main issue by means of fantastic schemes for “reform,” such as police supervision of the trusts and banks. Very rarely do we meet with straight-out cynical

imperialists who have the boldness to recognize the absurdity of all ideas of "reforming" the fundamental characteristics of imperialism.

Let us give an example. The German imperialists make a valiant attempt in the *Archives of World Economy* to follow the movements for national emancipation in the colonies, especially, be it noted, in other colonies than in those belonging to Germany. They dwell on the disturbances and movements of protest in British India; the movement in Natal (South Africa); the movements in the Dutch East Indies, etc. One of them writes the following in connection with an English report of the conference of subject peoples and races, which brought together, on June 28-30, 1910, delegates from various peoples of Africa, Asia and Europe, which are subject to foreign domination:

"They tell us we should fight against imperialism. The dominant States should recognize the right of subject peoples to dispose of themselves; an international tribunal should supervise the execution of treaties concluded between the Great Powers and backward peoples. The conference goes no farther than the expression of these pious hopes. We do not see any trace of understanding of the fact that imperialism is indissolubly tied up with capitalism in its present form; and that the direct struggle against it is, therefore (!!) absolutely vain, unless it is to be confined to protests against isolated excesses of a particularly flagrant kind."

It is a fundamental point in the critique of imperialism to know whether a reformist modification of the bases of imperialism is possible; that is, whether we must go forward to an increase of the antagonisms which they engender, or backwards to a reduction of their acuteness. As the political characteristics of imperialism are reaction all along the line and increased national oppression consequent upon the yoke of the financial oligarchy and the elimination of free competition, a democratic petty bourgeois opposition is rising against it in almost all imperialist countries at the beginning of the 20th century.

The breakaway from the Marxism of Kautsky and the broad international tendency which he represents, consists just in the fact that Kautsky and his fellow believers not

only did not trouble to, but actually could not take up a stand against this petty bourgeois reformist opposition which is really reactionary in its economic basis; and, on the contrary, became practically identified with it.

In the United States, the imperialist war waged against Spain in 1898 stirred up the opposition of the "anti-imperialists," the last of the Mohicans of bourgeois democracy. They declared this war to be "criminal"; denounced the annexation of foreign territories as being a violation of the constitution, and they denounced the "jingo treachery" by means of which Aguinaldo, leader of the rebel native Filipinos, was deceived (first the Americans promised him the independence of his country; then they landed troops and annexed it). They quoted the words of Lincoln: "It is self-government when the white man governs himself; but when he governs himself and also governs others, it is no longer self-government, it is despotism."

But while all this criticism shrank from recognizing the indissoluble bond between imperialism and the trusts, and, therefore, between imperialism and the very foundations of capitalism, while it shrank from joining up with the mighty forces engendered by large-scale capitalism as it develops—it remained a "pious hope."

This is also the attitude of Hobson in his critique of imperialism. Hobson anticipated Kautsky in revolting against the "inevitability of imperialism," and in calling for the need to "raise the consuming capacity of the people" (under capitalism!!).

The petty bourgeois point of view in the critique of imperialism, the domination of the banks, the financial oligarchy, etc., is that adopted by authors often quoted by us, such as Agahd, Lansburg, L. Eschwege; and, amongst French writers, Victor Bérard, author of a superficial book called *British Imperialism*, which appeared in 1900. All these authors, who make no claim to be Marxians, contrast imperialism with free competition and democracy; they condemn the Bagdad railway "scheme" as leading to disputes and war, and they utter "pious hopes" of peace in every circumstance. This even applies to the compiler of international stock and share issues statistics, M. Neymarck, who, after calculating the hundreds

of milliards of francs representing "international" values, exclaimed in 1912: "Can we admit that there is any danger of peace being disturbed? Can we admit, in the presence of these enormous figures at stake, that anyone would risk starting a war?"

Such simplicity of mind on the part of the bourgeois economist does not astonish us. In any case their *interest* lies in appearing so naïve, and in talking seriously about peace in the presence of imperialism. But what remains of Kautsky's Marxism when, in 1914-15-16, he takes up the same attitude as the bourgeois reformists and affirms that "everybody is agreed" (imperialists, pseudo-Socialists, and social pacifists?) on peace? Instead of the analysis of imperialism and the demonstration of its deeply-rooted internal contradictions, we have nothing but the "innocent desire" of the reformist not to see these contradictions, and not to mention them at all.

Let us give a brief example of Kautsky's economic critique of imperialism. He takes the statistics of British export and import trade with Egypt for 1872 and 1912. This import and export trade has developed more slowly than that of England itself. And thereupon Kautsky concludes: "We have no reason to suppose that English trade with Egypt would have been less developed under the influence of pure economic factors, even without military occupation." And "the tendencies of capital to expansion can be best satisfied not by the violent methods of imperialism, but by peaceful democracy."

This reasoning of Kautsky, which is repeated in every key by his Russian followers, constitutes the substance of his critique of imperialism, and that is why we must pause on it for a moment. Let us begin by referring to a passage by Hilferding, whose conclusions Kautsky on many occasions and notably in April, 1915, declared have been "unanimously adopted by all Socialist theoreticians."

"It is not the business of the proletariat," wrote Hilferding, "to set up in opposition to progressive capitalist policy, the era which has passed of free trade and of a hostile attitude towards the State. The reply of the proletariat to the economic policy of finance-capital, of imperialism, cannot be free trade,

but Socialism alone. It is not an ideal such as the restoration of free trade—now become a reactionary ideal—which should be the object of proletarian policy, but solely the complete abolition of competition by the overthrow of capitalism.”

Kautsky broke away from Marxism by defending, in the period of finance-capital, the “reactionary ideal” of “peaceful democracy,” “the simple action of economic factors,” etc.—for this ideal is objectively retrogressive from monopoly capitalism to the non-monopolist stage, and is a reformist swindle.

Trade with Egypt (or with any other colony or semi-colony) would have been “better developed” *without* a military occupation, without imperialism, and without finance-capital. . . . What does this mean? That capitalism would develop more rapidly if free trade were not restrained either by monopolies in general or by the “connections” or the yoke (*i.e.*, again the monopoly) of finance capitalism, or yet again by the colonial monopoly of certain countries?

Kautsky’s reasoning can have no other meaning. Admitting that this is so, admitting that free competition, without any sort of monopoly, would develop capitalism and trade more rapidly. But the more rapidly capitalism and trade develops, the greater is the concentration of trade and capital which gives birth to monopoly. And monopolies have *already* been born—precisely out of free trade. Even if monopolies have begun to delay progress now, still this is not an argument in favor of free competition, which has become impossible once it has given birth to monopoly.

If we correct this reasoning, and if it be said as “Spectator” says, that the trade of the British colonies with the mother country is now developing more slowly than their trade with other countries—then this also does not save Kautsky. For Britain is being defeated *still* by monopoly, *still* by imperialism, only of another country (Germany, America). It is known that the cartels have resurrected tariffs, but of a kind which is new and original: *i.e.*, products suitable for export are protected. (Engels noted this in Vol. III. of *Capital*.)

It is known, too, that the combines and finance-capital have a system peculiar to themselves, that of exporting goods at a price below their real value or “dumping,” as the English say: inside a given country the combine sells its products at

a high price fixed by monopoly, abroad it sells them three times cheaper to undercut a competitor, to extend its own production to the utmost, etc. If German trade with the British colonies is developing more rapidly than that of Britain with the same colonies, that only proves that German imperialism is younger, stronger, and better organized than British; in short, is superior to it. But this by no means proves the superiority of free competition, for it is not free competition fighting against protectionism and colonial dependence in this struggle, but two rival imperialisms, two monopolies, two groups of finance-capital. The superiority of German imperialism over British imperialism is stronger than the wall of colonial frontiers or of protective tariffs. To "conclude" from this that there is any advantage in favor of free trade and "peaceful democracy" is to forget the essential features and qualities of imperialism, is to substitute reformism for Marxism.

It is an interesting fact that even the bourgeois economist, A. Lansburg, whose critique of imperialism is as superficial as Kautsky's, nevertheless came nearer to a scientific study of the data of commercial statistics. He did not confine himself to a consideration of one country, chosen at random, and only to colonies in their relation to other countries; but he examined the export trade of an imperialist country (1) with countries which are financially dependent upon it, being its creditors; and (2) with countries which are not so dependent. He obtained the following results:

Export Trade of Germany

Countries Dependent On German Finance Capital		Millions of Marks		Percentage Increase
		1889	1908	
Roumania		48.2	70.8	47 pc.
Portugal		19.0	32.8	73 pc.
Argentine		60.7	147.0	143 pc.
Brazil		48.7	84.5	73 pc.
Chili		28.3	52.4	85 pc.
Turkey		29.9	64.0	114 pc.
Total		234.8	451.5	92 pc.

		Millions of Marks		Percentage Increase
		1889	1908	
Countries Not Dependent On German Finance Capital	Great Britain	651.8	997.4	53 pc.
	France	210.2	437.9	108 pc.
	Belgium	137.2	322.8	130 pc.
	Switzerland	177.4	401.4	127 pc.
	Australia	21.2	64.5	205 pc.
	East Indies	8.8	40.7	363 pc.
	Total	1,206.6	2,264.4	87 pc.

Lansburg has not added up his columns, and thereby gives evidence of a singular piece of inattention in not noticing that if these figures show anything, they speak *against* him; for the export trade into countries financially dependent on Germany has in spite of all developed *more quickly* (if only a little) than in the countries which are independent. (Let us emphasize the *if*, for Lansburg's figures are far from being complete.)

On the relation between export trade and loans, Lansburg wrote:

"In 1890-91, a Roumanian loan was subscribed through the German banks, which had previously made advances on this loan. The loan was used chiefly for purchases by Roumania of railway material in Germany. In 1891, German export trade into Roumania rose to 55,000,000 marks. The following year it fell to 39,400,000 marks; then, with intervals, to 25,400,000 marks in 1900. It only regained the level of 1891 during recent years, thanks to two new loans.

"German export trade into Portugal rose, following the loans of 1888-9 to 21,100,000 (1890), then fell, in the two following years, to 16,200,000 and 7,400,000; and only regained its former level in 1903.

"German trade with the Argentine is still more remarkable. Following the loans floated in 1887 and 1890, German export trade into the Argentine reached 60,700,000 marks in 1889. Two years later it only reached 18,600,000 marks, that is to say, less than one-third of the previous figures. It was not until 1901 that it regained and surpassed its level of 1889, and then only in connection with new loans floated by the State and by municipalities, with advances to build power stations, and with other credit operations.

"As for Chili, German export trade with that country rose to 45,200,000 marks in 1892 after the loan negotiated in 1889. The following year it fell to 22,500,000 marks. A new Chilian loan floated by the German banks in 1906 was followed by a rise of German exports in 1907, to 84,700,000 marks, only to fall again to 52,400,000 marks in 1908."

From all these facts Lansburg draws an amusing petty bourgeois moral. He says that they illustrate how unstable and irregular is export trade when it is bound up with loans, how bad it is to invest capital abroad instead of "naturally" and "harmoniously" developing national production, how "costly" are commissions to be paid by Krupps when foreign loans are floated, etc!

But the facts are clear. The increase in export trade is closely connected with the swindling efforts of finance-capital, which cares not at all for middle class morality, but flays the same ox twice. First, it pockets the profits from the loan: then it pockets other profits from the same loan used by the borrower to make purchases from Krupps, or in obtaining railway material from the Steel Trust, etc.

Let us repeat that we by no means consider Lansburg's figures to be perfect. But we had to quote them because they are more scientific than Kautsky's and because Lansburg showed the correct way of approaching the question. When discussing the importance of finance-capital in export trade, etc., it is necessary to be able to distinguish the special relations of export trade with the operations of the financiers, with the circulation of the products of the combines, etc. To make a simple comparison between colonies and non-colonies, one imperialism and another imperialism, one semi-colony or colony (Egypt) and all other countries, is to obscure the very basis of the question.

Kautsky's theoretical critique of imperialism has nothing in common with Marxism and serves no other purpose than as a preamble to propaganda for peace and unity with the opportunists and the jingo Socialists, just because this critique avoids and obscures precisely the most profound and essential inherent contradictions of imperialism: the contradiction of monopolies existing side by side with free competition; the contradiction between the immense "operations" (and im-

mense profits) of finance-capital and "honest" trade on the open market; the contradiction between combines and trusts on the one hand and non-trustified production on the other, etc.

We have seen previously that the notorious theory of "ultra-imperialism," born of Kautsky's imagination, bears quite as much a backward character.

Indeed, it is quite enough to compare facts which are well-known and indisputable, to become convinced of the entire falsity of the prospects which Kautsky presents to the German workers and the workers of all lands. Let us consider India, Indo-China and China. It is known that these three colonial and semi-colonial countries, inhabited by six to seven hundred million human beings, are subjected to the exploitation of the finance-capital of several imperialist States: Britain, France, Japan, the U. S. A., etc.

Admitting that these imperialist countries form alliances amongst and against one another in order to defend and extend their possessions, their interests, and their spheres of influence in these Asiatic States. These will be "inter-imperialist" alliances. Admitting that *all* the imperialist powers conclude an alliance for the "peaceful" sharing out of these parts of Asia. This would then be an "international unification" of finance-capital. (Such alliances have been produced in the 20th century, notably with regard to China.)

We ask, is it permissible to suppose, granted the permanence of the capitalist regime, and it is just this that Kautsky takes for granted, that such alliances would be more than temporary, that they would do away with frictions, conflicts and struggle in every possible form?

This question only requires to be stated clearly enough to make it impossible for there to be any other reply than a negative. For there can be no other conceivable basis, under capitalism, for the sharing out of spheres of influence, of interests, of colonies, etc., than a calculation of the *strength* of the participants, their general economic, financial, military strength, etc. And strength among them is constantly varying, for there cannot be, under capitalism, an *equal* development of different undertakings, trusts, branches of industry or countries. Half-a-century ago, Germany was an

insignificant country, as far as capitalist strength is concerned, by comparison with Britain. Japan was similarly insignificant as compared with Russia. Is it thinkable that in ten or twenty years' time, there will have been no changes in the relative strengths of the capitalist powers? Absolutely unthinkable.

And so "inter-imperialist" or "ultra-imperialist" alliances, whatever form they may assume, whether of one capitalist coalition against another or of a general union embracing all the capitalist powers—are inevitably nothing but truces in periods between wars. Peaceful alliances prepare the ground for wars and in their turn grow out of wars, the one conditioning the other, generating the alternating forms of peaceful and warlike struggle out of the one same basis of imperialist connections and the relations between world economics and world politics.

An American writer, D. J. Hill, in his *History of Diplomacy in the International Development of Europe*, points out in his preface the following periods of contemporary diplomatic history:

- (1) The revolutionary period.
- (2) The constitutional movement.
- (3) The present period of "commercial imperialism."

Another writer divides the history of Britain's external policy, since 1870, into four periods.

- (1) The Asiatic period: that of the struggle against Russian progress, in Central Asia, towards India.
- (2) The African period (approximately 1885-1902): of struggles against France for the partition of Africa (the Fashoda incident of 1898, which brought France within a hair's-breadth of war with Britain).
- (3) The second Asiatic period: (Alliance with Japan against Russia), and
- (4) The European period, chiefly anti-German.

"The political skirmishes of the advance troops takes place on the financial field," wrote Riesser, the banker, in 1905, showing how French finance-capital operating in Italy was

preparing the way for a political alliance between the two countries, and how in the same way struggle was being developed between Britain and Germany over Persia, between all the European capitalist powers over Chinese loans, etc. Behold, here the living reality of peaceful "ultra-imperialist" alliances, indissolubly bound up with ordinary imperialist conflicts!

The covering up of the deepest internal contradictions of imperialism by Kautsky inevitably becomes a camouflage of imperialism; and it does not fail to leave traces in this writer's critique of the political qualities of imperialism. Imperialism is the epoch of finance-capital and of monopolies, which introduce everywhere the tendency to domination, not to freedom. The result is reaction all along the line, whatever the political system, and an extreme intensification of existing antagonisms. Particularly acute becomes the yoke of national oppression and the striving for annexations, *i.e.*, the violation of national independence (for annexation is nothing else but a violation of the right of a nation to dispose of itself). Hilferding justly draws attention to the relation between imperialism and the strengthening of national oppression. "Wherever there are new countries," he writes, "the capital imported into them intensifies contradictions and antagonisms and excites the growing resistance of the people, who are awakened to national consciousness against the intruders. This resistance can easily become transformed into dangerous measures directed against foreign capital. Former social relations are profoundly revolutionized. The thousand-year-old agrarian isolation of countries situated outside the main current of history is broken, and they are dragged into the capitalist whirlpool. Capitalism itself gradually procures for the vanquished the means and resources for emancipating themselves. And they set out to obtain the objective which once seemed to the European nations to be the highest object: national unity as a means to obtain economic and cultural freedom. This movement for national independence threatens European capital in its most valuable fields of exploitation, where the most radiant prospects are opening up before it, and in those places European capital can only maintain its domination by continually increasing its military forces."

To this must be added that it is not only in new countries, but also in the old, that imperialism is leading to annexation, to the intensifying of national oppression, and, consequently, also to increasing resistance.

Kautsky, while objecting to the strengthening of political reaction by imperialism, leaves in the shade the very burning question of the impossibility of unity with the opportunists during the imperialist epoch. While objecting to annexations, he couches his arguments in a form which will be most acceptable and least offensive for the opportunists. He is directly addressing a German audience, yet he mitigates the most topical and important facts, for instance the annexation by Germany of Alsace-Lorraine. Let us take an example to appreciate this "deviation of thought." Let us suppose that a Japanese condemns the annexation of the Philippine Islands by the Americans. Will many believe that he protests because he has a horror of annexation, and not because he has a desire himself to annex the Philippines?

And shall we not recognize the "struggle" of the Japanese against annexations as being sincere and politically honest, only if he revolts against the annexation of Korea by Japan, and urges freedom of separation for Korea from Japan?

Kautsky's theoretical analysis of imperialism, his economic and political critique, are penetrated by a spirit, absolutely incompatible with Marxism, of obscuring and glozing over the most profound contradictions of imperialism and by a striving to defend at all costs that unity with opportunism in the European Labor Movement which is now crumbling away.

CHAPTER X

THE PLACE OF IMPERIALISM IN HISTORY

WE have seen that imperialism is, in its economic essence, monopolist capitalism. Its historic place is determined by this fact, for monopoly born out of free competition, and precisely out of *free* competition, is the transition of the capitalist social order to a higher order. We must notice especially four chief aspects of monopolies, or four chief manifestations of capitalist monopoly, which are characteristic of the period under review.

(1) Monopoly has grown up out of the concentration of production at a very advanced stage of the latter's development. This is illustrated in the case of monopolist capitalist unions: combines, syndicates and trusts. We have seen the large part that it plays in modern economic life. At the beginning of the 20th century, monopolies have acquired complete supremacy in the advanced countries. And if the first steps towards the formation of the combines were earlier made by countries enjoying the protection of high tariffs (Germany, America), Britain, with her system of free trade, has shown, only a little later, the same fact, namely, the birth of monopoly out of the concentration of production.

(2) Monopolies have led to the intensive seizure of the most important sources of raw materials, especially for the coal and iron industry, which is the principal industry of capitalist society and that over which the trusts have the greatest control. The exercise of monopoly over the most important sources of raw materials has terribly increased the power of big capital, and has sharpened the antagonism between production which is in the hands of the trusts, and production which is not.

(3) Monopoly has sprung from the banks. These have developed into the monopolists of finance-capital out of

modest intermediaries. Some three or five of the biggest banks in each of the foremost capitalist countries have achieved the "personal union" of industrial and banking capital, and concentrated in their hands the disposal of thousands upon thousands of millions which form the greater part of the capital and revenue of entire countries. A financial oligarchy, imposing an infinite number of financial ties of dependence upon all the economic and political institutions of contemporary capitalist society without exception—such is the most striking manifestation of this monopoly.

(4) Monopoly has grown out of colonial policy. To the numerous "old" motives of colonial policy the capitalist financier has added the struggle for the sources of raw materials, for the exportation of capital, for "spheres of influence," i.e., for spheres of good business, concessions, monopolist profits, and so on; in fine, for economic territory in general. When the European powers did not as yet occupy with their colonies a tenth part of Africa (as was the case in 1876), colonial policy was able to develop otherwise than by the methods of monopoly—by "free grabbing" of territories, so to speak. But when nine-tenths of Africa had been seized (towards 1900), when the whole world had been shared out, the period of colonial monopoly opened and as a result the period of bitterest struggle for the partition and the re-partition of the world.

It is known in general how much monopolist capital has deepened all the inherent contradictions of capitalism. It is enough to mention the high cost of living and the yoke of the trusts. This deepening of contradictions constitutes the most powerful driving force of the transitional period of history, which began from the time of the definite victory of finance-capital.

Monopolies, oligarchy, the tendency towards domination instead of the tendency towards liberty, the exploitation of an increasing number of small or weak nations by an extremely small minority of the richest or most powerful nations—all these have given birth to those distinctive characteristics of imperialism which oblige us to define it as parasitic or decaying capitalism. More and more there emerges, as one of the tendencies of imperialism, the creation of the "Bond-

holding (Rentier) State," the usurer State, in which the bourgeoisie lives on the exportation of capital and on the "clipping of interest coupons." It would be a mistake to believe that this tendency to decay excludes the possibility of the rapid growth of capitalism. It does not. Separate branches of production, different strata of the bourgeoisie, and individual countries display with more or less strength in the imperialist period one or other of these tendencies. In a general way capitalism is growing far more rapidly than before, but this growth is becoming more and more irregular, and the irregularity is showing itself, in particular, in the decay of the countries which are richest in capital (such as England).

In regard to the rapidity of Germany's economic development, Riesser, the author of investigations on the great German banks, states: "The progress of the preceding period (1848-1870), itself not so slow, may be compared to the rapidity of the development of all German economy, and in particular, of the banks, during the period under consideration (1870-1905), in much the same way as the speed of a post-chaise of the good old days can be compared with that of the modern automobile which moves so fast that it becomes a danger to the careless pedestrian and to the passengers." In its turn, this finance-capital, which has grown great with such speed, is not unwilling (precisely because it has grown so quickly) to pass on to a more "tranquil" enjoyment of colonies which call for conquest—and not only by peaceful methods—from richer nations. In the United States, the economic development of late years has been far quicker than in Germany, and just *thanks to this* has brought into high relief the parasitic character of modern American capitalism. On the other hand, the comparison even of the republican American bourgeoisie with the monarchical Japanese or German shows that the greatest political differences become insignificant during the imperialist period—not because they are unimportant in general, but because throughout it is a case of a bourgeoisie with definite traits of parasitism.

The receipt of high monopoly profits by the capitalists of one of the numerous branches of industry, of one of the numerous countries, etc., gives them the economic possibility

of corrupting individual sections of the working class and sometimes a fairly considerable minority, attracting them on to the side of the capitalists of a given industry or nation, against all the others. The deepening of antagonisms between imperialist nations for the partition of the world, increases the importance of this fact. And so there is created the bond between imperialism and opportunism, which has revealed itself first and most clearly in England, thanks to the fact that certain characteristics of imperialist development have been observable much sooner than in other countries.

From all that has been said in this book on the economic nature of imperialism, it follows that we must define it as capitalism in transition, or, more precisely, as dying capitalism. It is very instructive in this respect to note that the bourgeois economists, describing modern capitalism, employ with great fluency such terms as "interlacing," "absence of isolation," etc.; the banks are "enterprises which by their objective and their course of development have a character not purely economic, but are departing more and more from the sphere of private economic management." And the same Riesser, to whom these last words belong, declares with the greatest seriousness that the "prophecy" of the Marxists concerning "socialization" has not been realized!

What then is the meaning of this word "interlacing"? It embraces only the most striking aspect of the process being accomplished before our eyes. It shows that the observer cannot see the wood for the trees. It slavishly follows the obvious, the fortuitous, the chaotic. It reveals him as a man overwhelmed by raw materials and entirely incapable of understanding its meaning and importance. Ownership of shares and relations between owners of private property "mingle in a haphazard way." But beneath this interlacing, what constitutes its very base are the changing social relations of production. When a big enterprise becomes gigantic and, working on the basis of exact computation of mass data, systematically organizes the supply of primary raw materials, to the extent of two-thirds, or three-fourths of all that is necessary for tens of millions of people; when the transport of these raw materials to the most suitable places of production, sometimes hundreds or thousands of miles away; when a central control

directs all the successive stages of work right up to the manufacture of a number of varieties of finished articles: when the distribution of these products is made on a uniform plan among tens and hundreds of millions of consumers (as in the case of the distribution of oil in America and Germany by the American "Standard Oil")—then it becomes evident that we are in the presence of a socialization of production, and not at all a simple "interlacing"; that private economic relations, and private property relations, constitute an outer covering no longer suitable to its contents, a covering which must of necessity begin to decay if its destruction be postponed by artificial means; a covering which will be able to keep going quite a long time in a state of rottenness (putting things at the worst, if the cure of the opportunist abscess is put off for long), but which nevertheless will inevitably be got rid of.

The enthusiastic admirer of German imperialism, Schulze-Gaevernitz, exclaims:

"If the direction of the German banks rests in the long run with a dozen persons, their activity is nowadays more important for the public good than that of the majority of the Ministers of State." (The "interlacing" of the bankers, the ministers, the directors of industry, the bondholders, is here completely forgotten.) "If we logically think out the course of development of the tendencies which we have noticed, we arrive at this conclusion, that the money capital of the nation is united in the banks; the banks are bound between themselves by combines; the capital of the investing nations has been cast in the shape of securities.

"Thus the brilliant prophecies of Saint-Simon are fulfilled. The present anarchy of production due to the fact that economic relations are developing without uniform regulation, must give place to organization of production. Production will be directed not by chiefs of businesses independent of each other and ignorant of man's economic needs, but by a special institution. The central committee of control, being able to consider the large field of social economy from a more elevated point of view, will regulate it in such a way that it will be useful to the whole of society, will be able to put the means of production into suitable hands, and above all will occupy itself more particularly with maintaining constant

harmony between production and consumption. Certain establishments have assumed as part of their task a certain organization of economic labor: these are the banks.' We are still far from the fulfilment of these prophecies of Saint-Simon, but we are on the way. It is Marxism, different from what Marx represents it, but different only in form."

There is nothing more to be said: a fine "refutation" of Marx which takes a step backward—from his precise scientific analysis to the guesswork of Saint Simon: the guesswork of genius, but guesswork all the same.

THE STATE AND REVOLUTION

*Marxist Teaching on the State and the Task of the
Proletariat in the Revolution*

PREFACE

THE question of the State is acquiring at the present a particular importance, both theoretical and practical.

The Imperialist war has greatly accelerated and intensified the transformation of monopolist capitalism into State-monopoly Capitalism. The monstrous oppression of the laboring masses by the State—which is identifying itself more and more intimately with the all-powerful capitalist combines—is becoming ever more terrible. The foremost countries are being converted—we speak here of their “rear”—into military labor prisons for the workers.

The incredible miseries and horrors of the protracted war are making the position of the masses unbearable and increasing their indignation.

It is clear an international proletarian revolution is preparing.

The question, therefore, of its relations to the State is acquiring a practical importance.

The accumulation of opportunist elements during the decades of comparatively peaceful development has created a predominance of Socialist Chauvinism in the official Socialist parties of the whole world: Plekhanoff, Potresoff, Breshkovskaya, Rubanovitch, and, in a slightly concealed form, Tsere-telli, Tchernoff and Co., in Russia; Scheidemann, Legien, David and others in Germany; Renaudel, Guesde, Vandervelde in France and Belgium; Hyndman and the Fabians in England; and so on, and so on. Socialist in words, Chauvinist in deeds, these “leaders of Socialism” distinguish themselves by a base, servile adaptation to the interests not only of “their” national bourgeoisie, but also of “their” State—for plenty of smaller, weaker nationalities have long since been exploited and enslaved by most of the so-called Great Powers. The Imperialist war is just a scramble for more division and re-partition of the same kind of booty.

The struggle for the emancipation of the laboring masses from the oppression of the bourgeoisie in general, and the Imperialist bourgeoisie in particular, cannot be separated from a struggle against the opportunist superstitions concerning the State.

We, first of all, survey the teachings of Marx and Engels on the State, dwelling particularly fully on the forgotten parts, and on those aspects of their teachings which the opportunists have distorted. We then analyze specially the chief representative of these pervertors, Karl Kautsky (1889-1914), who has suffered such a pitiful political bankruptcy during the present war. Finally, we bring forward the most important results of the experiences of the Russian revolutions of 1905, and particularly of 1917.

This last revolution is evidently completing at the present time (beginning of August, 1917), the first stage of its development; but in general the whole of this revolution can only be looked upon as a link in the chain of Socialist proletarian revolutions which will result from the imperialist war.

The question of the relation of a proletarian Socialist revolution to the State is, therefore, not only of practical political importance, but is an urgent need of the day, being concerned with the elucidation for the masses of what they will have to do for their liberation from the yoke of Capitalism in the very near future.

THE AUTHOR.

August, 1917.

THE STATE AND REVOLUTION

CHAPTER I

CLASS SOCIETY AND THE STATE

1. *The State as the Product of the Irreconcilability of Class Antagonisms.*

MARX's doctrines are now undergoing the same fate, which, more than once in the course of history, has befallen the doctrines of other revolutionary thinkers and leaders of oppressed classes struggling for emancipation. During the lifetime of great revolutionaries, the oppressing classes have invariably meted out to them relentless persecution, and received their teaching with the most savage hostility, most furious hatred, and a ruthless campaign of lies and slanders. After their death, however, attempts are usually made to turn them into harmless saints, canonizing them, as it were, and investing their name with a certain halo by way of "consolation" to the oppressed classes, and with the object of duping them; while at the same time emasculating and vulgarizing the real essence of their revolutionary theories and blunting their revolutionary edge. At the present time the bourgeoisie and the opportunists within the Labor Movement are co-operating in this work of adulterating Marxism. They omit, obliterate, and distort the revolutionary side of its teaching, its revolutionary soul, and push to the foreground and extol what is, or seems, acceptable to the bourgeoisie. All the Socialist Chauvinists are now "Marxists"—save the mark! And more and more do German bourgeois professors, erstwhile specialists in the demolition of Marx, speak now of the "National-German" Marx, who forsooth, has educated the splendidly organized working class for the present predatory war.

In these circumstances, when the distortion of Marxism is so widespread, our first task is to resuscitate the real nature of Marx's teaching on the subject of the State. For this purpose it will be necessary to quote copiously from the works of Marx and Engels themselves. Of course, long extracts will make our text cumbersome and will in no way add to its lucidity; but we cannot possibly avoid them. All, or at any rate, all the most essential passages in the works of Marx and Engels on the subject of the State must be given as fully as possible, in order that the reader may form an independent and complete view of the ideas of the founders of scientific Socialism and their development, and in order that their distortions by the present predominant Kautsky school may be proved in black and white and rendered plain to all.

Let us begin with the most popular of Engels' works, "The Origin of the Family, Private Property, and the State," the sixth edition of which was published in Stuttgart as far back as 1894. Summarizing his historical analysis Engels says:

"The State in no way constitutes a force imposed on Society from outside. Nor is the State 'the reality of the Moral Idea,' 'the image and reality of Reason' as Hegel asserted. The State is the product of Society at a certain stage of its development. The State is tantamount to an acknowledgment that the given society has become entangled in an insoluble contradiction with itself, that it has broken up into irreconcilable antagonisms, of which it is powerless to rid itself. And in order that these antagonisms, these classes with their opposing economic interests may not devour one another and Society itself in their sterile struggle, some force standing, seemingly, above Society, becomes necessary so as to moderate the force of their collisions and to keep them within the bounds of 'order.' And this force arising from Society, but placing itself above it, which gradually separates itself from it—this force is the State."—(Pages 117-118 of 6th German Edition.)

Here, we have, expressed in all its clearness, the basic idea of Marxism on the question of the historical role and mean-

ing of the State. The State is the product and the manifestation of the irreconcilability of class antagonisms. When, where and to what extent the State arises, depends directly on when, where and to what extent the class antagonisms of a given society cannot be objectively reconciled. And, conversely, the existence of the State proves that the class antagonisms *are* irreconcilable.

It is precisely on this most important and fundamental point that distortions of Marxism arise along two main lines.

On the one hand, the middle class (bourgeois) and particularly the lower middle class (petty bourgeois), ideologists, compelled by the pressure of indisputable historical facts to recognize that the State only exists where there are class antagonisms and class struggles, "correct" Marx in such a way as to make it appear that the State is an organ for the *reconciliation* of classes. According to Marx, the State can neither arise nor maintain itself if a reconciliation of classes is possible. But with the middle class and philistine professors and publicists, the State (and this frequently on the strength of benevolent references to Marx) becomes a mediator and conciliator of classes. According to Marx, the State is the organ of class *domination*, the organ of oppression of one class by another. Its aim is the creation of order which legalizes and perpetuates this oppression by moderating the collisions between the classes. But in the opinion of the lower middle class politicians, the establishment of order is equivalent to the reconciliation of classes, and not to the oppression of one class by another. To moderate their collisions does not mean, according to them, to deprive the oppressed class of certain definite means and methods in its struggle for throwing off the yoke of the oppressors, but to conciliate it.

For instance, when, in the Revolution of 1917, the question of the real meaning and role of the State arose, in all its importance, as a practical question demanding immediate action on a wide mass scale, all the Socialist-Revolutionaries and Mensheviks rattled down, suddenly and without reservation, to the lower middle class theory of the "conciliation of classes by the State." Innumerable resolutions and articles by publicists of both these parties were saturated through and

through with this purely middle class and philistine theory of conciliation. That the State is the organ of domination of a definite class which *cannot* be reconciled to its social antipodes—this the lower middle class democracy is never able to understand. Their attitude towards the State is one of the most telling proofs that our Socialist-Revolutionaries and Mensheviks are not Socialists at all (which we, Bolsheviks, have always maintained), but only lower middle class democrats with a phraseology very nearly Socialist.

On the other hand, the distortion of Marx by the Kautsky school is far more subtle. "Theoretically," there is no denial that the State is the organ of class domination, or that the class antagonisms are irreconcilable. But what is forgotten or overlooked is this:—If the State is the product of the irreconcilable character of class antagonisms, if it is a force standing above society and "separating itself gradually from it," then it is clear that the liberation of the oppressed class is impossible without a violent revolution, and without the destruction of the machinery of State power, which has been created by the governing class and in which this "separation" is embodied. This inference, theoretically quite self-evident, was drawn by Marx, as we shall see later, with the greatest precision from a concrete historical analysis of the problems of Revolution. And it is exactly this inference which Kautsky—we shall show this fully in our subsequent remarks—has "forgotten" and distorted.

2. *The Special Bodies of Armed Men, Prisons, Etc.*

Engels continues:—

"As compared with the ancient gentilic (tribal or clan) organization, the State is distinguished, first of all, by the grouping of the subjects of the State according to territorial divisions."

Such a grouping seems "natural" to us, but it came after a prolonged and costly struggle against the old form of tribal, gentilic Society.

"The second distinguishing feature is the establishment of a public power which is no longer identical with the

population and which is organized as an armed force.

"This distinct public power is necessary, because a self-acting armed organization of the population has become impossible with the break up of Society into classes. . . . This public authority exists in every State. It consists not only of armed men, but also of material additions in the shape of prisons and repressive institutions of all kinds which were unknown in the gentilic (clan) form of Society."

Engels develops the conception of that "force" which is termed the State—a force arising from Society, but placing itself above it and becoming more and more divorced from it. What does this force consist of, in the main? It consists of special bodies of armed men who have at their command prisons, etc.

We are justified in speaking of special bodies of armed men, because the public power peculiar to every State "is not identical" with the armed population, with its "self-acting armed organization." Like all revolutionary thinkers, Engels tries to draw the attention of the class-conscious workers to that very fact which to prevailing philistinism appears least of all worthy of attention, most common and sanctified by solid, indeed, one might say, petrified prejudices. A standing army and police are the chief instruments of force of the State authority: but can it, then, be otherwise?

From the point of view of the vast majority of Europeans at the end of the 19th century to whom Engels addressed himself and who had neither lived through nor observed at close quarters a single important revolution, this could not be otherwise. They could not understand what was meant by this "self-acting armed organization of the population."

To the question, whence arose the necessity for forming special bodies of armed men (police and standing army) standing above Society and becoming divorced from it, the Western European and Russian philistines are inclined to answer with a few phrases, borrowed from Spencer, about the complexity of social life, the differentiation of functions and so forth.

Such a reference seems "scientific" and effectively dulls the senses of the average man, obscuring the most important and

basic fact, viz.: the break up of Society into irreconcilably antagonistic classes. Without such a split the "self-acting armed organization of the population" might have differed from the primitive organization of a herd of monkeys merely grasping sticks, or of primitive man, or races united in a clan form of society, by its complexity, its high technique, and so forth, but would still have been possible. It cannot, however, exist now, because Society, in the period of civilization, is broken up into antagonistic and, indeed, *irreconcilably* antagonistic classes, the "self-acting" arming of which would lead to armed struggles between them. The State is, therefore, formed, a special force is created in the form of special bodies of armed men, and every revolution, in shattering the State machinery, demonstrates to us how the governing class aims at the restoration of the special bodies of armed men at *its* service, and how the oppressed class tries to create a new organization of a similar nature, capable of serving not the exploiting, but the exploited class.

In the above discussion, Engels poses theoretically the very same question which is presented to us in a practical, palpable form, on a mass scale, by every great revolution, viz.: the question of the relation between "special bodies of armed men" and the "self-acting armed organization of the population." We shall see how this question is illustrated concretely by the experience of the European and Russian revolutions.

But let us return to Engels.

He points out that sometimes (for instance, here and there in North America) this public power is weak (he has in mind here rare exceptions in capitalist society and parts of North America in its pre-Imperialist days, where the free colonist predominated), but that in general, it tends to become stronger:—

"The above-mentioned public force increases with the intensification of class antagonisms within the State, and with the growth in size and population of the adjacent States. One has but to glance at present-day Europe in which the class struggle and rivalry in conquests have screwed up that public force to such a pitch that it

threatens to swallow up the whole of Society and even the State itself. . . .”

This was written as far back as the beginning of the 'nineties of last century, Engels' last Preface being dated June 16th, 1891. The turn towards Imperialism, in the shape both of a complete domination of the trusts and of the all-powerful large banks, and of a colonial policy on a grand scale and so forth, had only just begun in France, and was even weaker in North America and in Germany. Since then the “rivalry in conquests” has made gigantic advances—especially as, by the beginning of the second decade of the 20th century, the whole world had been finally divided up between these “rival conquerors,” that is, between the great predatory Powers. Military and naval armaments then grew to monstrous proportions, and the predatory war of 1914-17 for the domination of the world by England or Germany, for the division of the spoils, bids fair to bring about “the swallowing up” of all the forces of society by the rapacious State power, and lead to a complete catastrophe.

Already in 1891 Engels was able to point to “rivalry in conquests” as one of the most important features of the foreign policy of the Great Powers but in 1914-1917, when this rivalry, many times intensified, had given birth to an Imperialist war, the rascally Social-Chauvinists cover up their defence of the policy of grab of “their” capitalist classes by phrases about the “defence of the Fatherland,” or “the defence of the Republic and the Revolution” and so on, and so on!

3. *The State as an Instrument of Exploitation of the Oppressed Class.*

For the maintenance of a special public force standing above society, taxes and State loans are indispensable.

“Wielding public power and the right to exact taxes, the officials [Engels writes] are raised as organs of society, *above* society. The free voluntary respect enjoyed by the

organs of the tribal (clan) society is no longer sufficient for them, even could they win it."

Special laws are enacted regarding the sanctity and the inviolability of the officials. "The most insignificant police servant" has more authority than the representative of the clan, but even the head of a civilized State might well envy the Elder of a clan in respect of the "spontaneous, unforced regard on the part of society" enjoyed by that Elder.

Here is the question raised of the privileged position of the officials as organs of the State power, and the fundamental problem that has to be answered is this: What is it that places them above society? We shall see how this theoretical problem was solved practically by the Paris Commune in 1871 and how it was slurred over in a reactionary manner in 1912 by Kautsky.

"Since the State arose out of the need of keeping in check the antagonisms of classes; since at the same time it arose as a *result* of the collisions of these classes, it is, as a general rule, the State of the most powerful and economically predominant class, which by means of the State also becomes the predominant class politically, thereby obtaining new means for the oppression and exploitation of the oppressed class."

It was not only the ancient and feudal States which were organs of exploitation of the slaves and serfs, but the

"modern representative State, too, is the means of exploitation of wage labor by capital. By way of exceptions, however, there are periods when the warring classes attain such an equilibrium of strength that the State power for a time becomes, to an extent, independent of both classes and appears as a mediator between them. . . ."

Such, for instance, were the absolute monarchies of the 17th and 18th centuries, the Bonapartism of the First and Third Empires in France, and the Bismarck regime in Germany.

Such, we may add, is now the Kerensky Government in Republican Russia after it has initiated the persecution of the revolutionary proletariat, at a moment when the Soviets, thanks to the leadership of the lower middle class democrats, have already become impotent whilst the capitalist class is not yet strong enough to dissolve them.

"In a democratic Republic [Engels continues] wealth uses its power indirectly, but so much the more effectively, first, by means of direct bribery of officials [as in America]; second, by means of an alliance between the Government and the Stock Exchange" [as in France and America].

At the present time, Imperialism and the domination of the banks have reduced to a fine art both these methods of defending and practically asserting the omnipotence of wealth in democratic Republics of all descriptions. If, for instance, in the very first months of the Russian Democratic Republic —one might say during the honeymoon of the union of the "Socialist"-Revolutionaries and Mensheviks with the bourgeoisie in the Coalition Ministry, M. Paltchinski obstructed every measure of restraint against the capitalists and war-profiteering, or the plunder of the public treasury by army contractors; and if, after his resignation, M. Paltchinski (replaced, of course, by an exactly similar Paltchinski) was "rewarded" by the capitalists with a "cushy" little job carrying a salary of 120,000 roubles (£12,000) per annum, what was this? Direct or indirect bribery? A league of the Government with the capitalist syndicates, or "only" friendly relations? What is the precise role played by Tchernoff, Tseretelli, Avksentieff and Skobeleff? Are they the "direct," or "only" the indirect allies of the millionaire thieves who are plundering the public treasury? The omnipotence of "wealth" is also more "secure" in a democratic republic, because it does not depend on the bad political form of capitalism. The democratic republic is the best possible political form for capitalism, and, therefore, once capital has gained control (through the Paltchinskis, Tchernoffs, Tseretellis and Co.) of this very best form, it establishes its power so securely, so firmly that no change of persons, or institutions or parties, in the bourgeois republic can shake it.

We must also note that Engels quite definitely regards universal suffrage as a means of capitalist domination. Universal suffrage, he says (summing up obviously the long experience of German Social-Democracy), is "an index of the maturity of the working class; it cannot and never will, give anything more in the present state." The lower middle class democrats such as our Socialist-Revolutionaries and Mensheviks and also their twin brothers, the Social-Chauvinists and opportunists of Western Europe, all expect a "great deal" from this universal suffrage. They themselves think and instil into the minds of the people the wrong idea that universal suffrage in the "present state" is really capable of expressing the will of the majority of the laboring masses and of securing its realization.

Here we can only note this wrong idea, and point out that this perfectly clear, exact and concrete statement by Engels is distorted at every step in the propaganda and agitation of the "official" (that is, opportunist) Socialist parties. A detailed exposure of all the falseness of this idea, which Engels simply brushes aside, is given in our further account of the views of Marx and Engels on the "modern" State.

A general summary of his views is given by Engels in the most popular of his works in the following words:—

"Thus, the State has not always existed. There were societies which did without it, which had no idea of the State or of State power. At a given stage of economic development which was necessarily bound up with the break up of society into classes, the State became a necessity, as a result of this division. We are now rapidly approaching a stage in the development of production, in which the existence of these classes is not only no longer necessary, but is becoming a direct impediment to production. Classes will vanish as inevitably as they inevitably arose in the past. With the disappearance of classes the State, too, will inevitably disappear. When organizing production anew on the basis of a free and equal association of the producers, Society will banish the whole State machine to a place which will then be the most proper one for it—to the

museum of antiquities side by side with the spinning-wheel and the bronze axe."

It is not often that we find this passage quoted in the propagandist literature of contemporary Social-Democracy. But even when we do come across it, it is generally quoted as some sacred or ritual formula, that is, merely to show official respect for Engels, without any attempt to gauge the width and the depth of the revolutionary act pre-supposed by this "banishment of the whole State machine to the museum of antiquities." And often one cannot even trace the least comprehension of what Engels calls the State machine.

4. *The Withering Away of the State and Revolution by Force.*

Engels' words regarding the "withering away" of the State enjoy such a popularity, are so often quoted, and reveal so clearly the essence of the common adulteration of Marxism in an opportunist sense that we must examine them in detail. Let us give the whole argument from which they are taken.

"The proletariat takes control of the State authority and, first of all, converts the means of production into State property. But by this very act it destroys itself, as a proletariat, destroying at the same time all class differences and class antagonisms, and with this, also, the State. Past and present Society, which moved amidst class antagonisms, had to have the State, that is, an organization of the exploiting class for the support of its external conditions of production, therefore, in particular, for the forcible retention of the exploited class in such conditions of oppression (such as slavery, serfdom, wage-labor), as are determined by the given methods of production. The State was the official representative of the whole of Society, its embodiment in a visible corporation; but it was only in so far as it was the State of that class which, in the given epoch, alone represented the whole of society. In ancient

times it was the State of the slave-owners—the only citizens of the State; in the middle ages it was the State of the feudal nobility: in our own times it is the State of the capitalists. When, ultimately, the State really becomes the representative of the whole of society, it will make itself superfluous. From the time when, together with class domination and the struggle for individual existence, resulting from the present anarchy in production, those conflicts and excesses which arise from this struggle will all disappear—from that time there will, therefore, be no need for the State. The first act of the State, in which it really acts as the representative of the whole of Society, namely, the assumption of control over the means of production on behalf of society, is also its last independent act as a State. The interference of the authority of the State with social relations will then become superfluous in one field after another, and finally will cease of itself. The authority of the Government over persons will be replaced by the administration of things and the direction of the processes of production. The State will not be 'abolished'; it will wither away. It is from this point of view that we must appraise the phrase, 'a free popular State'—a phrase which, for a time, had a right to be employed as a purely propaganda slogan, but which in the long run is scientifically untenable. It is also from this point of view that we must appraise the demand of the so-called anarchists that the State 'should be abolished overnight.'”—Herr Eugen Dührings *Umwälzung der Wissenschaft*, pp. 302-303, 3rd German Edition.

Without fear of committing an error, it can be said that the only point in this argument by Engels so singularly rich in ideas, which has become an integral part of Socialist thought among modern Socialist parties has been that, according to Marx, the State "withers away" in contradiction to the Anarchist teaching of the "abolition" of the State. To emasculate Marxism in such a manner is simply to reduce it to opportunism, for such an "interpretation" only leaves the semi-articulate conception of a slow, even, continuous change, free from leaps and storms, free from revolution. The

current popular conception, if one may say so, of the "withering away" of the State undoubtedly means a quenching, if not negation, of revolution. Yet, such an "interpretation" is a most vulgar distortion of Marxism, advantageous only to the capitalist classes and based theoretically on the neglect of the most important conditions and considerations pointed out in the very passage summarizing Engels' ideas, which we have just quoted in full.

In the first place, at the very outset of his argument, Engels says that in assuming State power, the proletariat "by that very act destroys the State as such." It is not the custom to reflect on what this really means. Generally, it is either ignored altogether or it is considered as a piece of "Hegelian weakness" on Engels' part. As a matter of fact, however, these words express succinctly the experience of one of the greatest proletarian revolutions—the Paris Commune of 1871, of which we shall speak in greater detail in its own place. In reality, Engels speaks here of the *destruction* of the capitalist State by the proletarian revolution, while the words about its withering away refer to the remains of a *proletarian* State *after* the Socialist revolution. The capitalist State does not wither away, according to Engels, but is *destroyed* by the proletariat in the course of the revolution. Only the proletarian State or semi-State withers away after the revolution.

Second, the State is a "particular power of suppression." This splendid and extremely profound definition of Engels is given by him here with complete lucidity. It follows therefrom that the "particular power of suppression" of the proletariat by the capitalist class of the millions of workers by a handful of rich, must be replaced by a "particular power of suppression" of the capitalist class by the proletariat (the dictatorship of the proletariat). It is just this that constitutes the destruction of the State as such. It is just this that constitutes the "act" of taking possession of the means of production on behalf of Society. And it is obvious that such a substitution of one (capitalist) "particular power" by another (proletarian) "particular power" could in no way take place in the form of a "withering away."

Third, in using the term, "withering away," Engels refers quite clearly and definitely to the period *after* "the tak-

ing over of the means of production by the State on behalf of the whole of society," that is, after the Socialist Revolution. We all know that the proletarian form of the "State" is then an absolutely complete democracy. But it never enters the head of any of the opportunists who shamelessly distort Marx that Engels deals here with the withering away of the democracy. At first sight this seems very strange. But it will only be unintelligible to one who has not reflected on the fact that democracy is also a State and that, consequently, democracy will also disappear when the State disappears. Only a revolution can "destroy" the capitalist State. The State in general, that is, most complete democracy, can only wither away.

Fourth, having formulated his famous proposition that "the State withers away," Engels at once explains concretely that this proposition is directed equally against the opportunists and the anarchists. In doing this, however, Engels draws, in the first place, that deduction from his proposition, which is directed against the opportunists.

One can wager that out of every ten thousand persons who have read or heard of the "withering away" of the State, 9,990 do not know at all, or do not remember that Engels did not direct his conclusions from this proposition against the anarchists alone. And out of the remaining ten, nine do not know the meaning of a "free popular State" nor the reason why an attack on this watchword contains an attack on the opportunists. This is how history is written! This is how a great revolutionary doctrine is imperceptibly adulterated and adapted to current philistinism! The reference to the anarchists has been repeated thousands of times, has been vulgarized in the crudest fashion possible until it has acquired the strength of a prejudice, whereas the reference to the opportunists has been hushed up and "forgotten."

"A free popular State" was the demand and current watchword in the program of the German Social-Democrats of the 'seventies. There is no political substance in this watchword other than a pompous middle class circumlocution of the idea of democracy. In so far as it pointed in "lawful" manner at a democratic republic, Engels was prepared "for a time" to justify it from a propaganda point of view. But this watch-

word was really opportunist, for it not only took an exaggerated view of the attractiveness of bourgeois democracy, but also implied a lack of understanding of the Socialist criticism of the State in general. We are in favor of a democratic republic as the best form of the State for the proletariat under capitalism, but we have no right to forget that wage slavery is the lot of the people even in the most democratic middle class republic. Furthermore, every State is a "particular power of suppression" of the oppressed class. Consequently, no State is either "free" or "popular." Marx and Engels explained this repeatedly to their party comrades in the 'seventies.

Fifth, in the same work of Engels, from which everyone remembers his argument on "withering away" of the State, there is also a disquisition on the nature of a violent revolution; and the historical appreciation of its role becomes, with Engels, a veritable panegyric of a revolution by force. This, of course, no one remembers. To talk or even to think of the importance of this idea, is not considered respectable by our modern Socialist parties, and in the daily propaganda and agitation among the masses it plays no part whatever. Yet it is indissolubly bound up with the "withering away" of the State in one harmonious whole. Here is Engels' argument:

"That force also plays another part in history (other than that of a perpetuation of evil), namely a *revolutionary* part; that, as Marx says, it is the midwife of every old society when it is pregnant with a new one; that force is the instrument and the means by which social movements hack their way through and break up the dead and fossilized political forms—of all this not a word by Herr Dühring. Duly, with sighs and groans, does he admit the possibility that for the overthrow of the system of exploitation force may, perhaps, be necessary, but most unfortunate if you please, because all use of force, forsooth, demoralizes its user! And this is said in face of the great moral and intellectual advance which has been the result of every victorious revolution! And this is said in Germany where a violent collision—which might perhaps be forced on the people—should have, at the very least, this advantage that

it would destroy the spirit of subservience which has been permeating the national mind ever since the degradation and humiliation of the Thirty Years' War. And this turbid, flabby, impotent, parson's mode of thinking dares offer itself for acceptance to the most revolutionary party history has ever known!" (p. 193, 3rd German Edition.)

How can this eulogy of a revolution by force, which Engels used to propound to the German Social-Democrats between 1878-94, that is, up to the very day of his death, be reconciled with the theory of the "withering away" of the State, and combined into one doctrine? Usually the two views are combined by a process of eclecticism, by an unprincipled, sophistic, arbitrary selection sometimes of passages here and there (to oblige the powers that be)—and in ninety-nine cases out of a hundred (if not more often), it is the idea of the withering away of the State that is specially emphasized. Dialectics is replaced by eclectics—this is the most usual, the most widespread method used in the official Social-Democratic literature of our day in respect of Marxist teachings. Such a substitution is, of course, not new; one can see it even in the history of classic Greek philosophy. In the process of camouflaging Marxism as opportunism, the substitution of eclecticism for dialectics is the best method of deceiving the masses. It gives an illusory satisfaction. It seems to take into account all sides of the process, all the tendencies of development, all the contradictory factors and so forth, whereas, in reality, it offers no consistent revolutionary view of the process of social development at all.

We have already said above and shall show more fully at a later stage that the teaching of Marx and Engels regarding the inevitability of a violent revolution refers to the capitalist State. It cannot be replaced by the proletarian State (the dictatorship of the proletariat) through mere "withering away," but, in accordance with the general rule, can only be brought about by a violent revolution. The hymn of praise sung in its honour by Engels and fully corresponding to the repeated declarations of Marx (see the concluding passages of the "Poverty of Philosophy" and the "Communist Manifesto," with its proud and open declaration of the inevita-

bility of a violent revolution; also Marx's "Criticism of the Gotha Programme of 1875," in which, thirty years after, he mercilessly castigates its opportunist character)—this praise is by no means a mere "impulse," a mere declamation, or a mere polemical sally. The necessity of systematically fostering among the masses this and only this point of view about violent revolution lies at the root of the whole of Marx's and Engels' teaching, and it is just the neglect of such propaganda and agitation both by the present predominant social-chauvinists and the Kautskian schools that brings their betrayal of it into prominent relief.

The substitution of a proletarian for the capitalist State is impossible without a violent revolution, while the abolition of the proletarian State, that is, of all States, is only possible through "withering away."

Marx and Engels gave a full and concrete illustration of these views in their study of each revolutionary situation separately, by an analysis of the lessons of the experience of each individual revolution. To this, undoubtedly the most important part of their work, we shall now pass.

CHAPTER II.

THE EXPERIENCE OF 1848-51.

1.—*The Eve of Revolution.*

THE first productions of mature Marxism—*The Poverty of Philosophy* and *The Communist Manifesto*—date from the very eve of the revolution of 1848. As a result of this fact, we have in them, side by side with a statement of the general principles of Marxism, a reflection, to a certain degree, of the concrete revolutionary situation at that moment. Consequently, it will possibly be more to the point to examine what the authors of these works had written of the State immediately before they drew conclusions from their experience of the years 1848-51.

"The working class," wrote Marx in *The Poverty of Philosophy*, "will, in the course of its development, replace the old bourgeois society by a society which will exclude classes and their antagonisms: there will no longer be any political authority in the proper sense of the word, since political authority is the official expression of the antagonism of classes within bourgeois society." (German Edition, 1885, p. 182.)

It is instructive to compare, side by side with this general statement of the idea of the disappearance of the State with the disappearance of classes, the statement contained in *The Communist Manifesto*, written by Marx and Engels a few months later—to be precise, in November, 1847:

"Tracing the most general phases of the development of the proletariat, we followed up the more or less hidden civil war within existing society to the point at which it is transformed into open revolution, and the proletariat establishes

its rule by means of the violent overthrow of the capitalist class. . . . We have already seen that the first step in the workers' revolution is the transformation [literally "the promotion"] of the proletariat into the ruling class, the conquest of democracy. . . . The proletariat will use its political supremacy in order gradually to wrest the whole of capital from the capitalist class, to centralize all the instruments of production in the hands of the State, i.e., of the proletariat organized as the ruling class, and to increase as quickly as possible the total of productive forces." (7th German Edition, 1906, pp. 31-37.)

Here we have a formulation of one of the most remarkable and most important ideas of Marxism on the subject of the State—namely, the idea of "the dictatorship of the proletariat" (as Marx and Engels began to write after the Paris Commune); and also a definition of the State, in the highest degree interesting, but nevertheless also belonging to the category of forgotten thoughts of Marxism: "*The State, that is, the proletariat organized as the ruling class.*"

This definition of the State, so far from having ever been explained in the current propagandist and agitation literature of the official Social-Democratic parties, has been deliberately forgotten, as it is quite irreconcilable with reformism, strikes straight at the heart of the common opportunist prejudices and middle class illusions about the "peaceful development of democracy."

"The proletariat needs the State," a phrase repeated by all the opportunists, social-chauvinists and Kautskians, who assure us that this is what Marx taught. They "forget" however, to add that, in the first place, the proletariat, according to Marx, needs only a withering away State—a State that is so constituted that it begins to wither away immediately, and cannot but wither away; and, secondly, the workers "need" a State, "that is, the proletariat organized as the ruling class."

The State is a particular form of organization of force; it is the organization of violence for the purpose of holding down some class. What is the class which the proletariat must hold down? It can only be, naturally, the exploiting class, i.e., the bourgeoisie. The toilers need the State only to over-

come the resistance of the exploiters, and only the proletariat can guide this suppression and bring it to fulfillment—the proletariat, the only class revolutionary to the finish, the only class which can unite all the toilers and the exploited in the struggle against the capitalist class for its complete displacement from power.

The exploiting classes need political supremacy in order to maintain exploitation, i.e., in the selfish interests of a tiny minority, and against the vast majority of the community. The exploited classes need political supremacy in order completely to abolish all exploitation, i.e., in the interests of the enormous majority of the people, and against the tiny majority constituted by the slave-owners of modern times—the landlords and the capitalists. The lower middle class democrats, these sham Socialists who have replaced the class-war by dreams of harmony between classes, have imagined even the transition to Socialism, in a dream, as it were—that is, not in the form of the overthrow of the supremacy of the exploiting class, but in the form of the peaceful submission of the minority to the fully enlightened majority. This lower middle class Utopia, indissolubly connected with the vision of a State above classes, in practice led to the betrayal of the interests of the toiling classes, as was shown, for example, in the history of the revolutions of 1848 and 1871, and in that of "Socialist" participation in bourgeois ministries in England, France, Italy and other countries, at the end of the 19th and the beginning of the 20th centuries.

Marx fought all his life against this lower middle class Socialism—now re-born in Russia in the Menshevik and S.R. parties. He carried his analysis of the class war logically, right up to the doctrine on political power and the State.

The overthrow of capitalist supremacy can be accomplished only by the proletariat, as the particular class, which is being prepared for this work, and is provided both with the opportunity and the power to perform it, by the economic conditions of its existence. While the capitalist class breaks up and dissolves the peasantry and all the lower middle classes, it welds together, unites and organizes the town proletariat. Only the proletariat—on account of its economic role in production on a large scale—is capable of leading *all* the toiling

and exploited masses, who are exploited, oppressed, crushed by the capitalists often more, not less, than the town proletariat, but who are incapable of carrying on the struggle for freedom unaided.

The doctrine of the class war, as applied by Marx to the question of the State and of the Socialist revolution, leads inevitably to the recognition of the *political supremacy* of the proletariat, of its dictatorship, i.e., of an authority shared with none else and relying directly upon the armed force of the masses. The overthrow of the capitalist class is feasible only by the transformation of the proletariat into the *ruling class*, able to crush the inevitable and desperate resistance of the bourgeoisie, and to organize, for the new settlement of economic order, *all* the toiling and exploited masses.

The proletariat needs the State, the centralized organization of force and violence, both for the purpose of crushing the resistance of the exploiters and for the purpose of guiding the great mass of the population—the peasantry, the lower middle class, the semi-proletariat—in the work of economic Socialist reconstruction.

By educating a workers' party, Marxism educates also the advance-guard of the proletariat, capable of assuming power and of *leading the whole community* to Socialism, fit to direct and organize the new order, to be the teacher, guide, leader of all the toiling and exploited in the task of building up their common life without capitalists and against capitalists. As against this, the opportunism predominant at present breeds in the Labor movement a class of representatives of the better-paid workers, who lose touch with the rank and file, "get on" fairly well under capitalism, and sell their birthright for a mess of pottage, i.e., renounce their role of revolutionary leaders of the people against the capitalist class.

"The State, i.e., the proletariat organized as the ruling class"—this theory of Marx's is indissolubly connected with all his teaching concerning the revolutionary part to be played in history by the proletariat. The fulfilment of this part is proletarian dictatorship, the political supremacy of the proletariat.

But, if the proletariat needs the State, as a particular form of organization of force *against* the capitalist class, the ques-

tion almost spontaneously forces itself upon us: Is it thinkable that such an organization can be created without a preliminary breaking-up and destruction of the machinery of government created for *its own* use by the capitalist class? The *Communist Manifesto* leads us straight to this conclusion, and it is of this conclusion that Marx wrote when summing up the practical results of the revolutionary experience gained between 1848 and 1851.

2. *The Results of Revolution.*

On this question of the State with which we are concerned, Marx sums up his conclusions from the revolutions of the years 1848-51 in the following way (in his work *The Eighteenth Brumaire of Louis Bonaparte*):

"Nevertheless, the revolution is thorough. It is still passing through its purgatory. It is doing its work systematically. By December 2nd, 1851 [the day of Louis Bonaparte's coup d'etat] it had fulfilled half of its programme; now it is fulfilling the other half. First, it perfected parliamentary power, in order to be able to overthrow it. Now, when this has been accomplished it is drawing the *executive power* through the perfecting process; it reduces that power to its simplest terms, isolates it, sets it up against itself as its own sole reproach—all in order to *concentrate against it all the forces of destruction* [the italics are ours]. And when the revolution has completed this second part of its preliminary work, Europe will rise to exclaim in triumph, 'Well grubbed, old mole!' . . . This executive power with its enormous bureaucratic and military organization, with its multiform and artificial machinery of government, with its army of half a million officials, side by side with a military force of another half million, this frightful parasitic organism covering as with a net the whole body of French society and blocking up all its pores, had arisen in the period of absolute monarchy, at the time of the fall of feudalism: a fall which this organism had helped to hasten."

The first French Revolution developed centralization "but at the same time increased the scope, the attributes, the number of servants of the central government. Napoleon completed this government machinery." The Legitimist and the July monarchies "contributed nothing but a greater division of labor." . . . "Finally, the Parliamentary Republic found itself compelled, in its struggle against the revolution, along with its repressive measures, to increase the resources and the centralization of the State. *Every revolution brought this machine to greater perfection instead of breaking it up* [the italics are ours]. The political parties, which alternately struggled for supremacy, looked upon the capture of this gigantic governmental structure as the principle spoils of victory." (*Eighteenth Brumaire of Louis Bonaparte*, 1907 German edition, pp. 98-99.)

In this remarkable passage Marxism makes a great step forward in comparison with the position of the *Communist Manifesto*. There the question of the State is dealt with still extremely in the abstract, and most general ideas and expressions are employed. Here the question becomes concrete, and the conclusions are most precise, definite, practical: all former revolutions helped to perfect the machinery of government, whereas now we must shatter it, break it to pieces.

This conclusion is the chief and fundamental point in the Marxist theory of the State, yet it is exactly this fundamental point which has been not merely completely "forgotten" by the dominant official Social-Democratic parties, but absolutely distorted (as we shall see later) by the foremost theoretician of the Second International, K. Kautsky.

In the *Communist Manifesto* are set out the general lessons of history, which force us to see in the State the organ of class domination, and bring us to the necessary conclusion that the proletariat cannot overthrow the capitalist class without, as a preliminary step, winning political power, without obtaining political supremacy, without transforming the State into the "proletariat organized as the ruling class"; and that this proletarian State must begin to wither away immediately after its victory, because in a community without

class antagonisms, the State is unnecessary and impossible. At this stage the problem is not yet considered as to what form, from the point of view of historical development, this replacement of the capitalist State by the proletarian State is to assume.

It is precisely this problem that is stated and solved by Marx in 1852. True to his philosophy of dialectical materialism, Marx takes as his basis the experience of the great revolutionary years 1848-51. Here, as everywhere, his teaching is the summing up of practical experience, illuminated by a profound philosophical world-conception and a great knowledge of history.

The problem of the State is put concretely: how in actual fact, the capitalist State arose, that is, the government machine necessary for capitalist supremacy? What have been its changes, what has been its evolution in the course of the bourgeois revolutions and in the face of the spontaneous risings of the oppressed classes? What are the problems confronting the proletariat in respect of this government machine?

The centralized power of the State, peculiar to capitalist society, grew up in the period of the fall of feudalism. Two institutions are especially characteristic of this machine: the bureaucracy and the standing army. More than once, in the works of Marx and Engels, we find mention of the thousand threads which connect these institutions with the capitalist class; and the experience of every worker illustrates this connection with extraordinary clearness and impressiveness. The working class learns to recognize this connection by its own bitter experience; that is why it so easily acquires, so firmly absorbs the idea of its inevitability—an idea which the lower middle class democrats either ignorantly and superficially deny, or, still more superficially admit "in theory" forgetting to draw the corresponding practical conclusions.

The bureaucracy and the standing army constitute a "parasite" on the body of capitalist society—a parasite born of the internal struggles which tear that society asunder, but essentially a parasite, "blocking up" the pores of existence. The Kautskian opportunism prevalent at present amongst the official Social-Democratic parties considers this view of the

State as a parasitic organism to be the peculiar and exclusive property of anarchism. Naturally, this distortion of Marxism is extremely useful to those philistines who have brought Socialism to the unheard-of disgrace of trying to justify and gloss over an Imperialist war on the pretext of "defense of the fatherland"; but none the less it is an absolute distortion.

The development, perfection, strengthening of the bureaucratic and military apparatus has been going on during all those bourgeois revolutions of which Europe has seen so many since the decay of feudalism.

In particular, the lower middle classes are attracted to the side of the capitalists and to their allegiance, largely by means of this very apparatus, which provides the upper sections of the peasantry, artisans and tradesmen with a number of comparatively comfortable, quiet and respectable posts, and thereby raises their holders above the general mass. Consider what happened in Russia during the six months following February 27 (March 12th), 1917. The government posts, which hitherto had been given by preference to members of the Black Hundreds, now became the booty of Cadets, Mensheviks and Socialist-Revolutionaries. Nobody really thought of any serious reforms. They were to be put off "till the Constituent Assembly," which, in its turn, was gradually put off until the end of the war! But there was no delay, no waiting for a Constituent Assembly in the matter of dividing the spoils, of capturing snug places like Ministries, Under-Secretaryships, Governor-Generalships, etc., etc.! The game of permutations and combinations that went on in connection with the composition of the Provisional Government was, in reality, merely the expression of this division and re-division of the spoils, as it was going on high and low, up and down the country, in all departments of the central and local government. The concrete, practical result of the six months between February 27th (March 12th) and August 27th (September 9th), 1917, is beyond all dispute: reforms shelved, distribution of the official places accomplished, and "mistakes" in the distribution corrected by a few re-shufflings. But the longer the process of re-shuffling the posts goes on among the various capitalist and middle class parties (among the Cadets, S.R.'s and Mensheviks, if we take the case of Russia), the

more clearly the oppressed classes, with the proletariat at their head, begin to realize the irreconcilable opposition of their interests to the *whole* of capitalist society. Hence arises the necessity for the bourgeois parties, even for the most democratic and "revolutionary democratic" sections, to increase their repressive measures against the revolutionary proletariat, to strengthen the machinery of repression, that is, the power of the State. Such a course of events compels the revolution "*to concentrate all the forces of destruction*" against the State, and to regard the problem as one not of perfecting the machinery of the State, but of *breaking up and annihilating it*.

It was not logical theorizing, but the practical course of events, the living experience of the years 1848-51, that produced such a statement of the problem. We can see to what extent Marx held strictly to the solid ground of historical experience from the fact that, in 1852, he did not as yet deal concretely with the question of what was to replace this State machinery that had to be destroyed. Experience had not as yet yielded material data sufficient for the solution of such a problem: history placed it on the order of the day later on, in 1871. In 1852 it could only be laid down, with the accuracy that comes of scientific historical observation, that the proletarian revolution *had arrived* at the stage when it must consider the problem of "concentrating all the forces of destruction" against the State, of "breaking" the governmental machine.

Here the question may arise: is it correct to generalize the experience, observation and conclusions of Marx, and to apply them to a wider scene of action than that of France during three years (1848-51)? In the discussion of this point, let us recall, first of all, a remark of Engels, and then proceed to examine our facts.

"France," wrote Engels in his introduction to the 3rd Edition of the *Eighteenth Brumaire*, "France is a country in which the historical struggle of classes, more than in any other, was carried each time to a decisive conclusion. In France were hammered into most definite shapes those changing political forms within which that class struggle

went on, and through which its results found expression. The centre of feudalism during the Middle Ages; the model country, with the most centralized monarchy, based on rigid ranks and orders after the Renaissance, France shattered feudalism during the Great Revolution, and founded the undiluted supremacy of the middle class with such classical clearness as was to be found in no other European country. And the struggle of the revolting proletariat against the capitalist tyranny is in its turn taking here an acute form which is unknown elsewhere." (Edition 1907, p. 4.)

The last sentence is out of date, inasmuch as there has been a lull in the revolutionary struggle of the French proletariat since 1871; though, long as thus lull may be, it in no way excludes the possibility that, in the oncoming proletarian revolution, France may once more reveal itself as the traditional home of the class war to a finish.

Let us, however, cast a general glance over the history of the more advanced nations during the end of the 19th and beginning of the 20th centuries. We shall see that the same process has been going on more slowly, in more varied forms, on a much wider field. On the one hand, there has been a development of "parliamentary government" not only in the republican countries (France, America, Switzerland), but also in the monarchies (England, Germany to a certain extent, Italy, the Scandinavian countries, etc.) On the other hand, there has been the struggle for power of the various middle and lower middle class parties distributing and re-distributing the "plunder" of official appointments, the foundations of capitalist society remaining all the while unchanged. Finally, there has been the perfecting and strengthening of the "Executive" and of its bureaucratic and military apparatus.

There can be no doubt that these are the general features of the latest stage in the evolution of all capitalist States generally. In the three years, 1848-51, France had shown in a swift, sharp, concentrated form, all those processes of development which are inherent in the whole capitalist world.

Imperialism in particular, the era of financial capital, the era of gigantic capitalist monopolies, the era of the transfor-

mation of *simple* trust-capitalism into *State* trust-capitalism, shows an unprecedented strengthening of the "State" and an unheard of development of its bureaucratic and military apparatus, side by side with the increase of oppression of the proletariat, alike in the monarchical and the freest republican countries.

World-history is undoubtedly leading up at the present moment, on an incomparably larger scale than in 1852, to the "concentration of all the forces" of the proletarian revolution for the purpose of "breaking up" the machinery of the State.

As to what the proletariat will put in its place, instructive data on the subject were given us by the Paris Commune.

3. *The Formulation of the Question by Marx in 1852.*

In 1907 Mering published in the journal *Neue Zeit* (XXV., 2, 164), extracts from a letter by Marx to Weidemeir dated 5th March, 1852. In this letter, *inter alia*, the following remarkable dissertation is contained:

"As far as I am concerned, the honor does not belong to me for either having discovered the existence of classes in present society or of the struggle between the classes. Bourgeois historians a long time before me expounded the historical development of this class war and the bourgeois economists the economical structure of classes. What I did, was to prove the following: (1) That the existence of classes is connected only with certain historical struggles which are characteristic of the development of production. (2) That class war indispensably leads to the dictatorship of the proletariat. (3) That this dictatorship is only a transition to the destruction of any classes and to society without classes. . . ."

In these words Marx has succeeded in expressing with striking clearness, firstly, the fundamental differences between his teachings and those of the leading and best thinkers of the bourgeoisie, and secondly the meaning of his theory concerning the State.

It is said, very often, that the main theme in the teachings of Marx is the class war, but this is not correct. And out of this error, here and there, is obtained an opportunist mutilation of Marxism, the falsification of it in the sense of acceptance for the bourgeoisie. The theory of class war was *not* created by Marx, but by the bourgeoisie *before* Marx and is for the bourgeoisie, generally speaking, *acceptable*.

The one who recognizes *only* the class war is not yet a Marxist; that one may be found not to have freed himself from the chains of bourgeois reasoning and politics. To limit Marxist theory to the teaching of the class war means to shorten Marxism—to mutilate it, to bring it down to something which is acceptable to the bourgeoisie. A Marxist is one who *extends* the recognition of class war to the recognition of the *Dictatorship of the Proletariat*. In this is the main difference between a Marxist and an ordinary bourgeois. On this grindstone it is necessary to test a *real* understanding and recognition of Marxism. And it is not astonishing that when the history of Europe put before the working class this question, practically, not only all opportunists and reformists, but all "Kautskians" (people who are wavering between reformism and Marxism) turned out to be poor philistines and petty bourgeois democrats, who *denied* the "Dictatorship of the Proletariat." A brochure by Kautsky—*Dictatorship of the Proletariat*, published in August, 1918, i.e., long after the first edition of this book, is an example of petty bourgeois mutilation of Marxism and of mean renunciation of it *in practice*, by hypocritical recognition of it *in words* (see my brochure—*Proletarian Revolution and Renegade Kautsky*—Moscow, 1918). The present opportunism in the person of its main representative, late Marxist, K. Kautsky, comes wholly under the aforesaid characteristic of bourgeois ideology, because this opportunism limits the domain of recognition of class war within the domain of bourgeois relationship. (And within this domain, not a single educated Liberal will refuse to recognize "in principle" the class struggle.) Opportunism does not lead the recognition of class war up to the main issue, up to the period of crossing from capitalism to Communism, up to the period of throwing off the bourgeoisie and a complete abolition of same. In reality this period inevitably be-

comes a period of violent class fights and, therefore, the State during this period inevitably must be a *new* democratic State (for the proletariat and for the general poor) and a *new* dictatorial State (against the bourgeoisie.) Further, the substance of the teachings of Marx about the State is assimilated only by one who understands that the dictatorship of one class is necessary not only for any class society generally, not only for the *proletariat* which overthrows the bourgeoisie, but for a whole *historical* period, which separates capitalism from "society without classes," from Communism. The forms of bourgeois States are exceedingly various, but their substance is the same and in the last analysis inevitably the *Dictatorship of the Bourgeoisie*. The transition from capitalism to Communism will certainly bring a great variety and abundance of political forms, but the substance will inevitably be:

The Dictatorship of the Proletariat.

CHAPTER III.

THE EXPERIENCE OF THE PARIS COMMUNE OF 1871: MARX'S ANALYSIS.

i. *In What Lay the Heroism of the Communards?*

It is known that in the autumn of 1870, a few months before the Commune, Marx warned the Paris workers, proving to them that an attempt to overthrow the government would be the folly of despair. But when, in March, 1871, a decisive battle was forced upon the workers and they accepted it, when the rising had become an accomplished fact, Marx welcomed the proletarian revolution with the greatest enthusiasm, in spite of unfavorable auguries. Marx did not fall back upon an attitude of pedantic condemnation of an "untimely" movement: unlike the all-too-famous Russian renegade from Marxism, Plekhanoff, who, in November, 1905, wrote in the sense of encouraging the workers' and peasants' struggle, but, after December, 1905, took up the liberal cry of "You should not have resorted to arms."

Marx, however, was not only enthusiastic about the heroism of the Communards—"storming Heaven," as he said. In the mass revolutionary movement, although it did not attain its objective, he saw a historic experiment of gigantic importance, a certain advance of the world proletarian revolution, a practical step more important than hundreds of programmes and discussions. To analyze this experiment, to draw from it lessons in tactics, to re-examine his theory in the new light it afforded—such was the problem as it presented itself to Marx. The only "correction" which Marx thought it necessary to make in the *Communist Manifesto* was made by him on the basis of the revolutionary experience of the Paris Communards.

The last preface to a new German edition of the Com-

munist Manifesto signed by both its authors is dated June 24th, 1872. In this preface the authors, Karl Marx and Friedrich Engels, says that the programme of the *Communist Manifesto* is now "in places out of date."

"Especially," they continue, "did the Commune demonstrate that the 'working class cannot simply seize the available ready machinery of the State and set it going for its own ends.'"

The words within the second inverted commas of this passage are borrowed by its authors from Marx's book on *The Civil War in France*. One fundamental and principal lesson of the Paris Commune, therefore, was considered by Marx and Engels to be of such enormous importance that they introduced it as a vital correction into the *Communist Manifesto*.

It is most characteristic that it is precisely this correction which has been distorted by the opportunists, and its meaning, probably, is not clear to nine-tenths, if not ninety-nine hundredths, of the readers of the *Communist Manifesto*. We shall deal with it more fully further on, in a chapter devoted specially to distortions. It will be sufficient here to remark that the current, vulgar, "interpretation" of the famous formula of Marx here adduced consists in that Marx, it is said, is here emphasizing the idea of gradual development, in contradistinction to a sudden seizure of power, and so on.

As a matter of fact, exactly the reverse is the case. What Marx says is that the working class must *break up*, shatter the "available ready machinery of the State," and not confine itself merely to taking possession of it.

On April 12th, 1871—that is, just at the time of the Commune—Marx wrote to Kugelmann:

"If you look at the last chapter of my *Eighteenth Brumaire*, you will see that I declare the next attempt of the French Revolution to be: not merely to hand over, from one set of hands to another, the bureaucratic and military machine—as has occurred hitherto—but to *shatter* it [Marx's *italic*—the original is 'zerbrechen']; and it is this

that is the preliminary condition of any real people's revolution on the Continent. It is exactly this that constitutes the attempt of our heroic Parisian comrades." (*Neue Zeit*, xx. i., 1901-2, p. 709.)

In these words, "to shatter the bureaucratic and military machinery of the State," is to be found, tersely expressed, the principal teaching of Marxism on the subject of the problems concerning the State, facing the proletariat in a revolution. And it is just this teaching which has not only been forgotten, but has also been completely distorted, by the prevailing Kautskian "interpretation" of Marxism!

As for Marx's reference to the *Eighteenth Brumaire*, we have quoted the corresponding passage in full above.

It is interesting particularly to notice two points in the passage quoted. First, he confines his conclusions to the Continent. This was natural in 1871, when England was still the pattern of a purely capitalist country, without a military machine and, in large measure, without a bureaucracy.

Hence Marx excluded England, where a revolution, even a people's revolution, could be imagined, and was then possible, *without* the preliminary condition of the destruction "of the available ready machinery of the State."

To-day in 1917, in the epoch of the first great imperialist war, this distinction of Marx's becomes unreal, and England and America, the greatest and last representatives of Anglo-Saxon "liberty" in the sense of the absence of militarism and bureaucracy, have to-day completely rolled down into the dirty, bloody morass of military-bureaucratic institutions common to all Europe, subordinating all else to themselves, crushing all else under themselves. To-day, both in England and in America, the "preliminary condition of any real people's revolution" is the break-up, the shattering of the "available ready machinery of the State" (perfected in those countries between 1914 and 1917, up to the "European," general imperialist standard).

Secondly, this extremely pregnant remark of Marx is worth particular attention in that it states that the destruction of the military and bureaucratic machinery of the State is "the preliminary condition of any real people's revolution." This idea

of a "people's" revolution seems strange on Marx's lips. And the Russian Plekhanovists and Mensheviks, those followers of Struve who wish to be considered Marxists, might possibly consider such an expression a slip of the tongue. They have reduced Marxism to such a state of meagre "liberal" distortion that nothing exists for them beyond the distinction between capitalist and proletarian revolutions: and even that distinction becomes for them a lifeless doctrine.

If we take examples from the revolutions of the 20th century, we shall, of course, have to recognize both the Portuguese and the Turkish revolutions to be middle class. Neither, however, is a "people's" revolution, inasmuch as the mass of the people, the enormous majority, does not make its appearance actively, independently, with its own economic and political demands, in either the one or the other. On the other hand, the Russian middle class revolution of 1905-7, although it presented no such "brilliant" successes as at times fell to the lot of the Portuguese and Turkish revolutions, was undoubtedly a "real people's" revolution, since the masses of the people, the majority, the lowest social "depths," crushed down by oppression and exploitation, rose up independently, impressed on all the course of the revolution the stamp of *their* demands, *their* attempts to build up a new order on their own lines in place of the old shattered order.

On the Continent of Europe, in 1871, the proletariat did not in a single country constitute the majority of the people. A "people's" revolution, actually sweeping the majority into its current, could be such only if embracing both the proletariat and the peasantry. Both classes then constituted the "people." Both classes are united by the circumstance that the "military and bureaucratic machinery of the State" oppresses, crushes, exploits them. *To shatter this machinery, to break it up*—this is the true interest of the "people," of its majority—the workers, and most of the peasants—this is the "preliminary condition" of a union of the poorest peasantry with the proletarians: while, without such a union, democracy is unstable and Socialist reconstruction is impossible. Towards such a union, as is well known, the Paris Commune was making its way: though it did not reach its goal, by reason of a number of circumstances, internal and external.

Consequently, when speaking of "a real people's revolution," Marx did not in the least forget the peculiar characteristics of the lower middle classes (he spoke of them much and often), and was very carefully taking into account the actual relationship of classes in most of the Continental European States in 1871. From another standpoint, also, he laid it down that the "shattering" of the machinery of the State is demanded by the interests both of the workers and of the peasants, unites them, places before them the common task of destroying the "parasite" and replacing it by something new.

By what exactly?

2. *What Is to Replace the Machinery of the State?*

In 1847, in the *Communist Manifesto*, Marx was as yet only able to answer this question entirely in an abstract manner, stating the problem rather than its solution. To replace this machinery by "the proletariat organized as the ruling class," "by the conquest of democracy"—such was the answer of the *Communist Manifesto*.

Refusing to plunge into Utopia, Marx waited for the experience of a mass movement to produce the answer to the problem as to the exact forms which this organization of the proletariat as the dominant class will assume and exactly in what manner this organization will embody the most complete, most consistent "conquest of democracy." Marx subjected the experiment of the Commune, although it was so meagre, to a most minute analysis in his *Civil War in France*. Let us bring before the reader the most important passages of this work.

In the 19th century took place the development of "the centralized State power, originating from the Middle Ages, with its ubiquitous organs: a standing army, police, bureaucracy, clergy and judges." With the development of class antagonism between capital and labor, "the State assumed more and more the character of a public organization for the oppression of Labor, that is, of a machine for class domination. After every revolution marking a certain advance in the class struggle, the purely oppressive character of the power

of the State became more and more apparent." The State, after the revolution of 1848-9 becomes "the national weapon of capital in its war against Labor." The Second Empire consolidates this.

"The Commune was the direct antithesis of the Empire. It was a definite form . . . of a Republic which was to abolish, not only the monarchical form of class rule, but also class rule itself."

What was this "definite" form of the proletarian Socialist Republic? What was the State it was beginning to create?

"The first decree of the Commune was the abolition of the standing army and its replacement by the nation in arms." This demand now figures in the programme of every party calling itself Socialist. But the value of these programmes is best shown by the behavior of our Socialist-Revolutionaries and Mensheviks, who refused to put their theories into practice even after the Revolution of March 12th, 1917!

"The Council of the Commune consisted of municipal representatives elected by universal suffrage in the various districts of Paris. They were responsible and could be recalled at any time. The majority were, naturally, working men or acknowledged representatives of the working class . . ."

" . . . The police, until then merely an instrument of the government, was immediately stripped of all its political functions, and turned into the responsible and at any time replaceable organ of the Commune . . ."

" . . . The same was applied to the officials of all other branches of the administration. From the members of the Council of the Commune down to the humblest worker, everybody in the public services was paid at the same rates as ordinary working men. All privileges and representation allowances attached to the high offices of the State disappeared along with the offices themselves . . . Having got rid of the standing army and police, the material weapons of the old government, the Commune turned its attention, without delay, to breaking the weapons of

spiritual oppression, the power of the priests. . . . The judicial functionaries lost their sham independence. . . . In future, they were to be elected openly and to be responsible and revocable. . . ."

And so the Commune would seem to have replaced the broken machinery of the State, "only" by a fuller democracy: the abolition of the standing army and the transformation of all officials into elective and revocable agents of the State. But, as a matter of fact this "only" represents a gigantic replacement of one type of institutions by others of a fundamentally different order. Here we see precisely a case of the "transformation of quantity into quality." Democracy, carried out with the fullest imaginable completeness and consistency, is transformed from capitalist democracy into proletarian democracy: from the State (that is, a special force for the suppression of a particular class) to something which is no longer really a form of the State.

It is still necessary to suppress the capitalist class and crush its resistance. This was particularly necessary for the Commune; and one of the reasons of its defeat was that it did not do this with sufficient determination. But the organ of suppression is now the majority of the population, and not a minority, as was always the case under slavery, serfdom and wage-labor. And, once the majority of the nation *itself* suppresses its oppressors a "special" force for suppression is no longer necessary. In this sense the State begins to disappear. Instead of the special institutions of a privileged minority (privileged officials and chiefs of a standing army), the majority can itself directly fulfil all these functions; and the more the discharge of the functions of the State devolves upon the masses of the people, the less need is there for the existence of the State itself.

In this connection the special measures adopted by the Commune and emphasized by Marx, are particularly noteworthy: the abolition of all representative allowances, and of all special salaries in the case of officials; and the lowering of the payment of *all* servants of the State to the level of the *workmen's wages*. Here is shown, more clearly than anywhere else, the *break*—from a bourgeois democracy to a pro-

letarian democracy; from the democracy of the oppressors to the democracy of the oppressed; from the domination of a "special force" for the suppression of a given class to the suppression of the oppressors by the whole force of the majority of the nation—the proletariat and the peasants. And it is precisely on this most obvious point, perhaps, the most important so far as the problem of the State is concerned, that the teachings of Marx have been forgotten. It is entirely neglected in all the innumerable popular commentaries. It is not "proper" to speak about it as if it were a piece of old-fashioned "naiveté"; just as the Christians, having attained the position of a State religion "forget" the "naiveté" of primitive Christianity, with its revolutionary democratic spirit.

The lowering of the pay of the highest State officials seems simply a naive, primitive demand of democracy. One of the "founders" of the newest opportunism, the former Social-Democrat, E. Bernstein, has more than once exercised his talents in the repetition of the vulgar capitalist jeers at "primitive" democracy. Like all opportunists, like the present followers of Kautsky, he quite failed to understand that, first of all, the transition from capitalism to Socialism is impossible without "return," in a measure, to "primitive" democracy. How can we otherwise pass on to the discharge of all the functions of government by the majority of the population and by every individual of the population. And, secondly, he forgot that "primitive democracy" on the basis of capitalism and capitalist culture is not the same primitive democracy as in pre-historic or pre-capitalist times. Capitalist culture has created industry on a large scale in the shape of factories, railways, posts, telephones, and so forth: and *on this basis* the great majority of functions of "the old State" have become enormously simplified and reduced, in practice, to very simple operations such as registration, filing and checking. Hence they will be quite within the reach of every literate person, and it will be possible to perform them for the usual "working man's wage." This circumstance ought to and will strip them of all their former glamour as "government," and, therefore, privileged service.

The control of all officials, without exception, by the un-

reserved application of the principle of election and, *at any time*, re-call; and the approximation of their salaries to the "ordinary pay of the workers"—these are simple and "self-evident" democratic measures, which harmonize completely the interests of the workers and the majority of peasants; and, at the same time, serve as a bridge leading from capitalism to Socialism. These measures refer to the State, that is, to the purely political reconstruction of society; but, of course, they only acquire their full meaning and importance when accompanied by the "expropriation of the expropriators" or at least by the preliminary steps towards it, that is, by the passage from capitalist private ownership of the means of production to social ownership.

"The Commune [wrote Marx] realized that ideal of all bourgeois revolutions, cheap government, by eliminating the two largest items of expenditure—the army and the bureaucracy."

From the peasantry, as from other sections of the lower middle class, only an insignificant minority, "rise to the top," and "enter society," make a career in a bourgeois sense, that is, become transformed either into propertied members of the upper middle class, or into secure and privileged officials. The great majority of peasants in all capitalist countries where the peasant class does exist (and the majority of capitalist countries are of this kind) are oppressed by the government and long for its overthrow, in the hope of a "cheap" government. This hope can only be realized by the proletariat; and by the fact of realizing it, the proletariat makes a step forward at the same time towards the Socialist reconstruction of the State.

3. *The Destruction of Parliamentarism.*

"The Commune [wrote Marx] was to have been not a parliamentary, but a working corporation, legislative and executive at one and the same time. Instead of deciding once in three or six years which member of the ruling class was to 'represent' and repress the people in Parliament, uni-

versal suffrage was to serve the people, organized in communes, as a means of securing the necessary workers, controllers, clerks and so forth for its business in the same way as individual suffrage serves any individual employer in his."

This remarkable criticism of parliamentarism in 1871 is also one of those of Marx's dicta which have been conveniently "forgotten," thanks to the prevalence of Socialist chauvinism and opportunism. Ministers and professional politicians, "practical" Socialists and traitors of the proletariat of to-day have left all criticism of parliamentarism to the anarchists, and, on this wonderfully intelligent ground, denounce all criticism of parliamentarism as "anarchism." It is indeed not surprising that the proletariat of the most "advanced" parliamentary countries, being disgusted with such "Socialists" as Messrs. Scheidemann, David, Legien, Sembat, Renaudel, Henderson, Vandervelde, Stauning, Branting, Bissolati and Co., have been giving their sympathies more and more to anarcho-syndicalism, in spite of the fact that it is but the twin brother of opportunism.

But to Marx revolutionary dialectics was never the empty fashionable phrase, the toy rattle, which Plekhanoff, Kautsky and the others, have made of it. Marx knew how to castigate anarchism pitilessly for its inability to make use of the "sty" of capitalist parliamentarism when the situation is not revolutionary, but at the same time he knew how to subject parliamentarism to a really revolutionary proletarian criticism.

To decide once every few years which member of the ruling class is to repress and oppress the people through parliament—this is the real essence of middle class parliamentarism, not only in parliamentary and constitutional monarchies, but also in the most democratic republics.

But if, in connection with the question of the State, parliamentarism is to be regarded as one of its institutions, what, from the point of view of those tasks which the proletariat has to face in this field, is to be the way out of parliamentarism? How can we do without it?

Again and again we must repeat: The teaching of Marx, based on the study of the Commune, has been so completely

forgotten that any criticism of parliamentarism other than anarchist or reactionary is quite unintelligible to the "Social-Democrats" (read—traitors to Socialism) of to-day.

The way out of parliamentarism is to be found, of course, not in the abolition of the representative institutions and the elective principle, but in the conversion of the representative institutions from mere "talking shops" into working bodies: "The Commune was to have been not a parliamentary institution, but a working corporation, legislative and executive at one and the same time."

"Not a parliamentary, but a working" institution—this is directly aimed, as it were, at present-day parliamentarism and at the parliamentary Social-Democratic "lap-dogs." Take any parliamentary country, from America to Switzerland, from France to England, Norway and so forth; the actual work of the State is done behind the scenes and is carried out by the departments, the chancelleries and the staffs. Parliament itself is given up to talk for the special purpose of fooling the "common people." This is so true that even in the Russian Republic, in our middle class democratic republic, parliamentarism has already revealed its real purpose, though a real parliament has not yet come into existence. Such heroes of putrid philistinism as the Skobeleffs and the Tsere-tellis, Tchernoffs and Avksentieffs have managed to pollute even the Soviets, after the model of the most despicable middle class parliamentarism, by turning them into hollow talking shops. In the Soviets the Right Honorable "Socialist" Ministers are fooling the confiding peasants with phrases and resolutions. In the government itself a sort of incessant quadrille is going on in order that, on the one hand, as many Socialist-Revolutionaries and Mensheviks as possible may get at the "pie," that is, the "cushy" jobs, and that, on the other hand, the attention of the people may be occupied. All the while the real "State" business is being done in the chancelleries and the departments.

Delo Naroda, the organ of the ruling party, the Socialist-Revolutionaries, recently admitted, in an editorial article, with the incomparable candor of people of "good society" in which "all" are engaged in political prostitution, that even in those Ministerial departments which belong to

the "Socialists" (pray, excuse the term) the whole official apparatus remains essentially the same as of old, working as before, and obstructing every revolutionary initiative without let or hindrance. And indeed, even if we did not have this admission, would not the actual history of the participation of the Socialist-Revolutionaries and Mensheviks in the government prove this? It is only characteristic that, while in Ministerial company with the Cadets, Messrs. Tchernoff, Rousanoff, Zenzinoff and others of the *Delo Naroda* staff have so completely lost all shame that they unblushingly proclaim, as if it were a mere bagatelle, that in "their" Ministries everything remains as of old. Revolutionary and democratic phrases to gull the Simple Simons; bureaucracy and red tape in the government departments for the "benefit" of the capitalists—here you have the *essence* of the present "honorable" coalition.

For the mercenary and corrupt parliamentarism of capitalist society, the Commune substitutes institutions in which freedom of opinion and discussion does not become a mere delusion, for the representatives must themselves work, must themselves execute their own laws, must themselves verify their results in actual practice, must themselves be directly responsible to their electorate. Representative institutions remain, but parliamentarism as a special system, as a division of labor between the legislative and the executive functions, as creating a privileged position for its deputies, *no longer exists*. Without representative institutions we cannot imagine a democracy, even a proletarian democracy; but we can and must think of democracy without parliamentarism, if our criticism of capitalist society is not mere empty words, if to overthrow the supremacy of the capitalists is for us a serious and sincere aim, and not a mere "election cry" for catching working men's votes—as it is with the Mensheviks and Socialist-Revolutionaries, the Scheidemanns, the Legiens, the Sembats and the Vanderveldes.

It is most instructive to notice that, in speaking of the functions of what officials are still necessary both in the Commune and in the proletarian democracy. Marx compares them with the workers of "any other employer," that is, of

the usual capitalist concern, with its workers, foremen and clerks. There is no trace of Utopian thinking in Marx, in the sense of inventing or imagining a "new" society. No, he studies, as a scientific historical process, the *birth* of the new society from the old, the forms of transition from the latter to the former. He takes the actual experience of a mass proletarian movement and tries to draw from it practical lessons. He "learns" from the Commune as all great revolutionary thinkers have not been afraid to learn from the experience of great movements of the oppressed classes; never preaching them pedantic "sermons" (such as Plekhanoff's, "They should not have resorted to arms," or Tseretelli's "A class must know where to limit itself.")

To destroy officialism immediately, everywhere, completely—of this there can be no question. That is a utopia. But to break up at once the old bureaucratic machine and to start immediately the construction of a new one, enabling us gradually to abolish bureaucracy—this is not a utopia, it is the experience of the Commune, it is the direct and necessary task of the revolutionary proletariat. Capitalism simplifies the functions of "the government." It makes it possible to throw off autocratic methods and to bring it all down to a matter of the organization of the proletariat (as the ruling class) hiring "workers and clerks" in the name of the whole of society. We are not utopians, we do not indulge in "dreams" of how best to do away *immediately* with all management, with all subordination: these are anarchist dreams based upon a want of understanding of the task of a proletarian dictatorship. They are foreign in their essence to Marxism, and, as a matter of fact, they serve but to put off the Socialist revolution "until human nature is different." No, we want the Socialist revolution with human nature as it is now: human nature itself cannot do without subordination, without control, without managers and clerks.

But there must be submission to the armed vanguard of all the exploited and laboring classes—to the proletariat. The specific "bossing" methods of the State officials can and must begin to be replaced—immediately, within twenty-four hours—by the simple functions of managers and clerks—functions

which are now already quite within the capacity of the average townsman and can well be performed for a working man's wage.

We must organize production on a large scale, starting from what has already been done by capitalism. By *ourselves*, we workers, relying on our own experience as workers, must create an unshakable and iron discipline supported by the power of the armed workers; we must reduce the role of the State officials to that of simply carrying out our instructions; they must be responsible, revocable, moderately paid "managers and clerks" (of course, with technical knowledge of all sorts, types and degrees). This is *our* proletarian task. With this we can and must begin when we have accomplished the proletarian revolution. Such a beginning, on the basis of large scale industry, will of itself lead to the gradual decay of all bureaucracy, to the gradual creation of a new order, an order without inverted commas, an order bearing no similarity to wage slavery, an order in which the constant simplification of the functions of inspection and registration will admit of their being performed by each in turn, will then become a habit, and will finally die out as *special* functions of a special class.

A witty German Social-Democrat of the 'seventies of last century called the *postoffice* an example of the Socialist system. This is very true. At present the postoffice is a business organized on the lines of a State capitalist monopoly. Imperialism is gradually transforming all trusts into organizations of a similar type. Above the "common" workers, who are overloaded with work and yet starve, there stands the same bourgeois bureaucracy. But the mechanism of social management is here already to hand. We have but to overthrow the capitalists, to crush with the iron hand of the armed workers the resistance of these exploiters, to break the bureaucratic machine of the modern State—and we have before us a highly technically-fashioned machine freed of its parasites, which can quite well be set going by the united workers themselves, hiring their own technical advisers, their own inspectors, their own clerks, and paying them all, as, indeed, every "State" official, with the usual workers' wage. Here is a concrete task immediately practicable and realizable.

as regards all trusts, which would rid the workers of exploitation and which would make practical use of the experience (especially in the task of the reconstruction of the State) which the Commune has given us. To organize our whole national economy like the postal system, but in such a way that the technical experts, inspectors, clerks and indeed, all persons employed, should receive no higher wage than the working man, and the whole under the management of the armed proletariat—this is our immediate aim. This is the kind of State and the economic basis we need. This is what will produce the destruction of parliamentarism, while retaining representative institutions. This is what will free the laboring classes from the prostitution of these institutions by the capitalist class.

4. *The Organization of the Unity of the Nation.*

"In the short sketch of national organization which the Commune had had no time to develop, it was stated quite clearly that the Commune was to become . . . the political form of even the smallest village. . . . From these Communes would be elected the 'National' Delegation at Paris. . . .

"The few but very important functions which would still remain for a Central Government, were not to be abolished—such a statement was a deliberate falsehood—but were to be discharged by communal, that is, strictly responsible agents. . . ."

"The unity of the nation was not to be destroyed, but, on the contrary, organized by means of the communal structure. The unity of the nation was to become a reality by the destruction of the State, which claimed to be the embodiment of that unity and yet desired to be independent of, and superior to, the nation. In reality, this State was but a parasitic excrescence on the body of the nation. . . ."

"The problem consisted in this: Whilst amputating the purely repressive organs of the old government power, to wrest its legitimate functions from an authority which claims to be above society, and to hand them over to the responsible servants of society."

To what extent the opportunists of contemporary Social-Democracy have failed to understand—or perhaps it would be more true to say, did not want to understand—these words of Marx, is best shown by the book, as famous or infamous as the work of Herostratus, of the renegade Bernstein—“The Fundamentals of Socialism and the Problems of Social-Democracy.” It is just in connection with the above passage from Marx that Bernstein wrote saying that this programme “in its political content displays, in all its essential features, the greatest similarity to the federalism of Proudhon. . . . In spite of all the other points of difference between Marx and the ‘petty shopkeeper’ Proudhon [Bernstein places the words ‘petty shopkeeper’ in inverted commas in order to make them sound ironical], on these points their currents of thought resemble one another as closely as could be.” Of course, Bernstein continues, the importance of the municipalities is growing, but “it seems to me doubtful whether the first task of the democracy would be such a dissolution (“Auflösung”) of modern forms of the State, and such a complete transformation (“Umwandlung”) of their organization as is imagined by Marx and by Proudhon, that is, the formation of a national assembly from delegates of the provincial or district assemblies, which in their turn, would consist of delegates from the Communes, so that the whole previous mode of national representation would vanish completely.” (Bernstein, *Fundamentals*, pp. 134-136, German Edition, 1899.)

It is really monstrous thus to confuse Marx’s views on the “destruction of the State as parasite” with the federalism of Proudhon. But this is no accident, for it never occurs to the opportunist that Marx is not speaking here at all of federalism as opposed to Centralism, but of the destruction of the capitalist machinery of government which exists in all bourgeois countries.

The opportunist cannot see further than the “municipalities” which he finds around him in a society of middle class philistinism and “reformist” stagnation. As for a proletarian revolution, the opportunist has forgotten even how to imagine it. It is amusing. But it is remarkable that this point of Bernstein’s has not been disputed. Bernstein has been re-

futed often enough especially by Plekhanoff in Russian literature, and by Kautsky in European, but neither made any remark upon this perversion of Marx by Bernstein.

The opportunist has forgotten to such an extent how to think in a revolutionary way and how to reflect on revolution, that he attributes "federalism" to Marx, mixing him up with the founder of anarchism, Proudhon; and, although they are anxious to be orthodox Marxists and to defend the teaching of revolutionary Marxism, Kautsky, and Plekhanoff are nevertheless silent on this point. Herein lies one of the roots of those banalities and platitudes about the difference between Marxism and Anarchism, which are common to both Kautskians and opportunists, and which we shall have to discuss later.

There is no trace of Federalism in Marx's discussion of the experience of the Commune, quoted above. Marx agrees with Proudhon precisely on that point which has quite escaped the opportunist Bernstein; while he differs from Proudhon just on the point where Bernstein sees their agreement. Marx concurs with Proudhon in that they both stand for the "demolition" of the contemporary machinery of government. This common ground of Marxism with anarchism (both with Proudhon and with Bakunin), neither the opportunists nor the Kautskians wish to see, for on this point they have themselves diverged from Marxism. Marx does differ both from Proudhon and Bakunin on the point of federalism (not to speak of the dictatorship of the proletariat). Federalism is a direct fundamental outcome of the anarchist petty middle class ideas. Marx is a centralist; and in the above cited quotation of his speculations there is no withdrawal from the central position. Only people full of middle class "superstitious faith" in the State can mistake the destruction of the bourgeois State for the destruction of centralism.

But will it not be centralism if the proletariat and poorest peasantry take the power of the State into their own hands, organize themselves quite freely into communes, and co-ordinate the action of all the communes for the purpose of striking at capital, for the purpose of crushing the resistance of the capitalists, in order to accomplish the transference of private property in railways, factories, land, and so forth to

the nation, to the whole of society? Will that not be the most consistent democratic centralism? And proletarian centralism at that?

Bernstein simply cannot conceive the possibility of voluntary centralism, of a voluntary union of the communes into a nation; a voluntary fusion of the proletarian communes in the business of destroying capitalist supremacy and the capitalist machinery of government. Like all philistines, Bernstein can imagine centralism only as something from above, to be imposed and maintained solely by means of bureaucracy and militarism.

Marx, as though he foresaw the possibility of the distortion of his ideas, purposely emphasizes that the accusation against the Commune that it desired to destroy the unity of the nation, to do away with a central authority, was a deliberate falsehood. He purposely uses the phrase "to organize the unity of the nation," so as to oppose the conscious, democratic, proletarian centralism to the capitalist, military, official centralism.

But none so deaf as those who will not hear. And the opportunists of modern Social-Democracy do not, on any account, want to hear of the destruction of the State, of the removal of the parasite.

5. *The Destruction of the Parasite-State.*

We have already quoted the words of Marx on this subject, and must now supplement them.

"It is generally the fate of new creations of history [wrote Marx], to be mistaken for any old and even defunct forms of social life to which the new institutions may bear a sort of likeness. Thus, this new Commune, which is breaking up ('bricht') the modern State, was regarded as the resurrection of the mediæval communes . . . as a federation of small States (Montesquieu, the Girondins) as an exaggerated form of the ancient struggle against over-centralization. . . . The Communal constitution would have restored to the social body all those forces hitherto devoured by the parasitic excrescence called

'the State,' feeding upon society and hindering it from moving forward freely. By this one act the regeneration of France would have been advanced. . . .

"The Communal constitution would have brought the rural producers under the intellectual leadership of the chief towns of each district, and would have secured for them there, in the persons of the town workers, the natural representatives of their interests. The very existence of the Commune would have involved, as a matter of course, local self-government, but no longer as a balance to the power of the State, which now becomes superfluous. . . ."

"The annihilation of the power of the State," which was a "parasitic excrescence," its "amputation," its "destruction"; "the power of the State now becomes superfluous"—these are the expressions used by Marx regarding the State when appraising and analyzing the experience of the Commune.

All this was written a little less than half a century ago; and now one has to excavate, as it were, in order to bring uncorrupted Marxism to the knowledge of the masses. The conclusions drawn from the observation of the last great revolution, through which Marx lived, have been forgotten just at the moment when the time has arrived for the next great proletarian revolutions.

"The variety of interpretations to which the Commune has been subjected, and the multiplicity of interests which found their expression in it, proves that it was a thoroughly flexible political form, whereas all previous forms of government have been, in their essence, repressive. Its true secret was this. It was essentially *the government of the working class*, the result of the struggle of the producing against the appropriating class; it was the political form, at last discovered, under which Labor could work out its economic emancipation. . . ."

"Without this last condition the Communal constitution would have been an impossibility and a delusion."

The Utopians had busied themselves with the "discovery" of the political forms under which the Socialist reconstruction

of society could take place. The Anarchists turned away from the question of political forms of any kind. The opportunists of modern Social-Democracy have accepted the capitalist political forms of a parliamentary democratic State as the limit which cannot be overstepped; they have broken their foreheads praying before this idol, and they have denounced as anarchism every attempt to destroy these forms.

Marx deduced from the whole history of Socialism and of political struggle that the State was bound to disappear, and that the transitional form of its disappearance (the transition from the political State to the non-State) would be the "proletariat organized as the ruling class." But Marx did not undertake the task of "discovering" the political "forms" of this future stage. He limited himself to an exact observation of French history, its analysis and the conclusion to which the year 1851 had led, viz., that matters were moving towards the destruction of the capitalist machinery of the State.

And when the mass revolutionary movement of the proletariat burst forth, Marx, in spite of the failure of that movement, in spite of its short life and its patent weakness, began to study what political forms it had disclosed.

The Commune was the form "discovered at last" by the proletarian revolution, under which the economic liberation of Labor can proceed. The Commune was the first attempt of a proletarian revolution to *break up* the bourgeois State, and constitutes the political form, "discovered at last," which can and must take the place of the broken machine. We shall see below that the Russian revolutions of 1905 and 1917, in different surroundings and under different circumstances, have been continuing the work of the Commune and have been confirming Marx's analysis of history.

CHAPTER IV

SUPPLEMENTARY EXPLANATIONS BY ENGELS

MARX gave us the fundamentals on the subject of the meaning of the Commune. Engels returned to the same question repeatedly, elucidating Marx's analysis and conclusions, sometimes explaining so clearly and forcibly *other* sides of the question that we must stop expressly to consider these explanations.

1. *The Housing Question.*

Already in his work on the Housing Question (1872) Engels took into account the experience of the Commune, dwelling several times on the problems of the revolution in relation to the State. It is interesting to note that in the treatment of this concrete question we are shown clearly, on the one hand, those features of the proletarian State which resemble features of the present State—features which give us ground for speaking of a State in both cases; and, on the other hand, the features which differentiate them and mark the transition to the destruction of the State.

"How can the housing problem be solved? In modern society this question is solved, like every other social question, by a gradual economic equalization of supply and demand. This, however, is a kind of solution which itself constantly creates the problem anew, that is, it gives no solution. How the social revolution will solve this question depends not only on circumstances of time and place, but it is bound up with questions which go much further, amongst which one of the most important is the abolition of the distinction between town and country. As we are not interested in utopian speculations on the structure of

future society, it would be more than a waste of time to dwell upon this point. One thing is certain; even now there are sufficient habitable buildings in the large towns materially to relieve the real shortage of accommodation, if sensible use were made of them. This, of course, could only be brought about by the expropriation of their present possessors, and by settling in them the homeless workers or the workers who are now living in overcrowded homes. And as soon as the workers win political power, such a measure, based on the best interests of society, will be as easily carried out as all other expropriations and commandeerings by the modern State." (German Edition, 1887, p. 22.)

Here it is not the change in the form of the State which is considered, but only the character of its activity. Expropriations and the occupation of houses take place by direction even of the present State. The proletarian State, from the formal point of view, will also "direct" the occupation of houses and the expropriation of buildings. But it is clear that the old executive apparatus, the bureaucracy, connected with the bourgeoisie, would simply be useless for the carrying out of the orders of the proletarian State.

"It is necessary to state that the actual seizure of all the means of labor and of all industry by the laboring masses of the nation is the direct antithesis to the Proudhonist 'buying out.' Under the Proudhonist system the individual worker becomes the owner of a house, of a smallholder's plot of land, of necessary tools. In the other case, however, the 'laboring people' becomes the collective owner of houses, factories and tools. The use of these houses, factories and so forth will hardly be offered, at any rate, during the transition period, to single individuals or to companies, without covering the expenses. In the same way, the abolition of the private ownership of land does not presuppose the abolition of rent, but its handing over, although in a different form, to the whole of society. The actual appropriation of all the means of labor by the laboring masses

does not exclude in any way, therefore, the preservation of the right to rent or let." (p. 69.)

In the next chapter we shall discuss the question touched on here, namely, the economic reasons for the "withering away" of the State. Engels expresses himself most cautiously here, saying that the proletarian State will "hardly" allot houses without pay, "at any rate, during the period of transition." The letting of houses, belonging to the whole nation, to separate families for rent presupposes the collection of this rent, a certain amount of control, and some standard or other to guide the allotment of the houses. All this demands a certain form of State, but it does not at all involve a special military and bureaucratic apparatus, with officials occupying privileged positions. A transition to a state of affairs when it will be possible to let houses without rent is bound up with the complete "withering away" of the State.

Speaking of the conversion of the Blanquists after the Commune, and under the influence of its experience, to the Marxist point of view, Engels, it so happens, formulates it as

"The necessity for political action by the proletariat and for proletarian dictatorship, as the transition towards the abolition of classes and, together with them, of the State. . . ." (p. 55.)

Those who are addicted to hair-splitting or bourgeois "exterminators of Marxism" will perhaps see a contradiction between this admission of the "abolition of the State" and the repudiation of a formula like that of the anarchist, contained in the quotation from the "Anti-Dühring," given above. It would not be surprising if the opportunists wrote down Engels, too, as an "Anarchist" for the Socialist-Chauvinists are now more and more adopting the fashion of accusing the Internationalists of anarchism.

That, together with the abolition of classes, the State will also be abolished—this Marxism has always taught. The well-known passage on the "withering away of the State" in the "Anti-Dühring" does not accuse the anarchists merely of being in favor of the abolition of the State, but of spreading

the theory that it is possible to accomplish this "within twenty-four hours." In view of the complete distortion, by the present predominating "Social-Democratic" doctrine concerning the relation of Marxism to anarchism, of the question of the abolition of the State, it will be particularly useful to recall one particular controversy of Marx and Engels with the anarchists.

2. *The Dispute With the Anarchists.*

This dispute occurred in 1873. Marx and Engels then contributed articles against the Proudhonist "Autonomists" or "Anti-Authoritarians" to an Italian Socialist review, and it was only in 1913 that these articles appeared in German in the *Neue Zeit*.

"If the political struggle of the working class [wrote Marx, ridiculing the anarchists for their repudiation of political action] assumes a revolutionary form; if the workers, in place of the dictatorship of the bourgeoisie, set up their own revolutionary dictatorship, then they commit a terrible crime and offer an insult to principle; because, forsooth, the workers in order to meet the miserable, gross requirements of the moment, in order to crush the resistance of the capitalist class, cause the State to assume a revolutionary and transitional form, instead of laying down their arms and abolishing the State." (*Neue Zeit*, 1913-4, year 32, vol. I., p. 40.)

This alone is the kind of "abolition" of the State, against which Marx protested, refuting the anarchists. He protested not against the theory of the disappearance of the State when classes disappear, or if its abolition when classes have been abolished, but only against the proposition that the workers should deny themselves the use of arms, the use of organized force, that is, *the use of the State*, for the purpose of "breaking the resistance of the capitalist class." Marx purposely emphasizes, in order that the true sense of his contentions against the anarchists might not be perverted, "the revolutionary and transitional form" of the State necessary for the proletariat. The proletariat only needs the State *temporarily*.

We do not at all disagree with the anarchists on the question of the abolition of the State as a *final aim*. But we affirm that, for the attainment of this aim, we must make temporary use of the weapons and methods of the State *against* the exploiters, just as the temporary dictatorship of the oppressed class is necessary for the annihilation of all classes. Marx chooses the sharpest and clearest mode of stating the position against the anarchists. Having cast off the yoke of the capitalists, ought the workers "to lay down their arms," or should they use them against the capitalists in order to break their resistance? And the systematic employment of arms by one class against the other, what is that if not a "transitional form of the State"?

Let every Social-Democrat ask himself whether *that was the way* in which he examined the question of the State in his discussion with the anarchists? *Was* that the *way* in which the vast majority of the official Social-Democratic parties of the Second International treated it?

Engels develops these same ideas in even greater detail and more simply. He first of all ridicules the muddled ideas of the Proudhonists, who called themselves "Anti-Authoritarians," that is, they denied every form of authority, of subordination, of power. Take a factory, a railway, a vessel on the open seas, said Engels; is it not clear that not one of these complex technical concerns, based on the use of machines and the ordered co-operation of many people, could function without a certain amount of subordination and consequently, of authority or power? "When I use these arguments," writes Engels, "against the most hopeless Anti-Authoritarians, they can only give me the following answer, 'Ah, that is true, but the question is not of the authority we confer on our delegates, *but of a certain commission*.' These people think that a thing can be altered by merely changing its name."

Having shown in this way that authority and autonomy are relative terms, that the sphere of their application varies with the various phases of social development, that it is absurd to regard them as absolute terms; after adding that the domain of the application of machinery and production of a large scale is ever extending, Engels passes from a general discussion of authority to the question of the State.

"If the Autonomists [he writes] merely meant to say that the social organization of the future would admit authority only within those limits which the conditions of industry inevitably dictate, then it would be possible to come to an understanding with them. But they are blind in respect of all the facts which make authority necessary, and they fight passionately against a mere word.

"Why do not the Anti-Authoritarians limit themselves to shouting against the *political* authority, against the State? All Socialists agree that the State, and together with it, also political authority, will vanish as the result of the future Socialist Revolution, i.e., that public functions will lose their political character and will be transformed into simple administrative functions, concerned with social interests. But the Anti-Authoritarians demand that the political State should be abolished at one blow, even before those social relations which gave birth to the State are themselves abolished. They demand that the first act of the social revolution shall be the abolition of all authority.

"These gentlemen, have they ever seen a revolution? Revolution is undoubtedly the most authoritative thing possible. Revolution is an act in which part of the population forces its will on the other part by means of rifles, bayonets, cannon, i.e., by most authoritative means. And the conquering party is inevitably forced to maintain its supremacy by means of that fear which its arms inspire in the reactionaries. Had the Paris Commune not relied on the authority of the armed people against the bourgeoisie, would it have lasted longer than a single day? May we not rather censure the Commune for not having made sufficient use of this authority? And so, either the Anti-Authoritarians themselves do not know what they are talking about, in which case they merely sow confusion; or they do know what they are talking about, in which case they are betraying the proletariat. In either case they serve only the interests of reaction" (p. 39).

In this discussion questions are touched on, which must be investigated in connection with the subject of the corre-

lation of politics and economics during the "withering away" of the State. (The next chapter treats of this subject.) Such are the problems of the transformation of the nature of public functions, from political to simply administrative, and of the "political State." This last term, particularly liable to cause misunderstanding, indicates the process of the "withering away" of the State: the dying State, at certain stage of its decay, can be called a non-political State. The most remarkable point in our quotation from Engels' work is again the way he puts the position against the anarchists. Social-Democrats, desiring to be disciples of Engels, have disputed with the anarchists thousands of times since 1873, but they have not disputed at all as Marxists can and should. The anarchist idea of the abolition of the State is muddled and *non-revolutionary*—that is how Engels put it. It is precisely the revolution, in its rise and development, with its specific problems in relation to violence, authority, power and the State, that the anarchists do not wish to see. The usual criticism of the anarchists by the modern Social-Democrats has been reduced to the purest middle class triviality: "We, forsooth, recognize the State, whereas the anarchists do not." Naturally such trivialities cannot but repel any revolutionary working men who think at all. Engels says something quite different. He emphasizes that all Socialists recognize the disappearance of the State as a result of the Socialist Revolution. He then deals with the concrete question of the revolution—that very question which, as a rule, the Social-Democrats, because of their opportunism, evade, leaving it, so to speak, exclusively for the anarchists "to work out." And in thus formulating the question Engels takes the bull by the horns. Ought not the Commune to have made *more* use of the *revolutionary* power of the *State*, that is, of the proletariat armed and organized as the ruling class?

The modern predominating official Social-Democracy has generally dismissed the concrete problems facing the proletariat during the revolution, either by some inane philistine jeers, or, at the best, by the evasive sophism—"Wait and see." And the anarchists have thus gained the right to reproach such Social-Democrats with betraying their mission of educating the working class in revolution. Engels makes use of the

experience of the last proletarian revolution for the direct purpose of drawing from it concrete conclusions as to what and how the proletariat should do and act concerning both banks and the State.

3. *The Letter to Bebel.*

One of the most remarkable, if not *the* most remarkable, reasoning in the works of Marx and Engels on the State is contained in the following passage in Engels' letter to Bebel on March 18th-28th, 1875. This letter, we may remark in passing, was first published, so far as we know, by Bebel, in the second volume of his memoirs (*My Life*), published in 1911, that is, thirty-six years after the writing and dispatch of the letter.

Engels wrote to Bebel, criticizing that same draft of the Gotha programme, which Marx criticized in his famous letter to Bracke, and, referring particularly to the question of the State, said:

"The Free People's State has been transformed into a Free State. According to the grammatical meaning of the words, the Free State is one in which the State is free in relation to its citizens, that is, a State with a despotic government. It would be well to throw overboard all this nonsense about the State, especially after the Commune, which was already no longer a State in the proper sense of the word.

"The anarchists have too long been able to throw into our teeth this 'People's State,' although already, in Marx's works against Proudhon, and then in the *Communist Manifesto*, it was stated quite plainly that with the introduction of the Socialist order of society, the State will dissolve of itself ("sich auflöst"), and will disappear. As the State is only a transitional institution which we are obliged to use in the revolutionary struggle in order forcibly to crush our opponents, it is a pure absurdity to speak of a Free People's State. During the period when the proletariat still *needs* the State, it does not require it in the interests of freedom, but in the interests of crushing its antago-

nists; and when it becomes possible really to speak of freedom, then the State, as such, ceases to exist. We should, therefore, suggest that everywhere the word *State* be replaced by 'Gemeinwesen' (Commonwealth), a fine old German word, which corresponds to the French word 'Commune.' " (p. 322, German Edition.)

One should bear in mind that this letter refers to the Party programme which Marx criticized in his letter dated only a few weeks later than the above (Marx's letter of May 5th, 1875), and that Engels was living at the time with Marx in London. Consequently, when he says "we" Engels undoubtedly suggests to the leader of the German working class party, both in his own and in Marx's name, that the word "State" should be struck out of their programme and exchanged for "Commonwealth."

What a howl about "anarchism" would be raised by the leaders of present-day "Marxism" adulterated to meet the requirements of the opportunists, if such an alteration in their programme were suggested to them. Let them howl. The capitalist class will pat them on the back for it.

In the meantime, however, we shall go on with our work. In revising the programme of our Party, Engels' and Marx's advice must undoubtedly be taken into consideration in order to come nearer to the truth, to re-establish Marxism, to purge it from distortion, to direct the struggle for freedom of the working class into the right channels. Among the Bolsheviks there will certainly be none opposed to the advice of Engels and Marx. Difficulties may, perhaps, crop up regarding terminology. In German there are two words meaning "Commonwealth," of which Engels used the one which does not denote a single community, but the sum of all, a system of communities. In Russian there is no such word, and perhaps we may have to choose the French word "Commune," although this also has its drawbacks.*

"The Commune was no longer a State in the proper sense of the word." Here is Engels' most important theoretical

* It will be seen that the English language possesses just the equivalent of the German "Gemeinwesen," which the Russian lacks. It is even probable that the German term was suggested to Engels by the English word.—Trans.

proposition. After what has been said above, this statement is quite intelligible. The Commune *ceased* to be a State in so far as it had to repress, not the majority, but a minority, of the population (the exploiters); it had broken the bourgeois machinery of government, and, in the place of a *special* repressive force, the whole population itself was coming on the scene. All this is a departure from the State in its proper sense. And had the Commune become consolidated, the relics of the State would of themselves have "withered away" within it; there would have been no need for the State to "abolish" its institutions, they would have ceased to function in proportion as less and less was left for them to do.

"The Anarchists throw into our teeth the 'People's State.'" In saying this, Engels has in mind especially Bakunin and his attacks on the German Social-Democrats. Engels admits these attacks to be justified *in so far* as the "People's State" is as senseless and as far removed from Socialism as the "*Free People's State*." Engels tries to alter the character of the controversy of the German Social-Democrats with the anarchists, to make it true to principle, and to clear it from opportunist prejudice concerning the "State." Alas! Engels' letter has been stowed away for thirty-six years. We shall see below that, even after the publication of Engels' letter, Kautsky still obstinately continues to repeat those very mistakes against which Engels gave his warning.

Bebel replied to Engels in a letter, dated September 21st, 1875, in which, amongst other things, he wrote that he "fully agreed" with Engels' criticism of the projected programme, and that he had reproached Liebknecht for his readiness to make concessions (*Bebel's Memoirs*, German Edition, vol. II., p. 304). But if we take Bebel's pamphlet, "*Our Aims*," we shall find there absolutely wrong views of the State. "*The State must be transformed from one based on class supremacy to a people's State.*" (*Unsere Ziele*, 1886, p. 14). This is printed in the ninth edition of Bebel's pamphlet. Small wonder that such constantly repeated opportunist views of the State have been absorbed by the German Social-Democracy, especially as the revolutionary interpretations by Engels were safely stowed away, and all the conditions of life have been such as to wean them from revolution.

4. *Criticism of the Draft of the Erfurt Programme.*

In a discussion of the doctrines of Marxism regarding the State, the criticism of the Erfurt Programme sent by Engels to Kautsky on June 29th, 1891, and only published ten years later in the *Neue Zeit*, cannot be passed over; for this criticism is mainly concerned with the *opportunist* views of Social-Democracy on the questions of State organization.

In passing we may note that Engels also raises an exceedingly valuable point of economics, which shows how attentively and thoughtfully he followed the various phases of the latest developments of capitalism, and how he was able, in consequence, to foresee to a certain extent the problems of our own, the imperialist, epoch. Here is this point. Touching on the words used in the draft of the programme, "the want of ordered plan" as characteristic of capitalism, Engels writes:

"If we pass from joint stock companies to trusts, which get hold of and monopolize whole branches of industry, not only private production, but also the want of ordered plan disappears." (*Neue Zeit*, year 20, vol. I., 1901-2, p. 8.)

Here we have what is most essential in the theoretical appreciation of the latest phase of capitalism, that is imperialism, viz., that capitalism becomes *monopolistic* capitalism. This fact must be emphasized because the "reformist" middle class view that monopolistic capitalism, whether private or State, is no longer capitalism, but can already be termed "State Socialism," or something of that sort, is one of the most widespread errors. The trusts, of course, have not given us, and indeed, cannot give us, full and complete order and system in production. But, however much of an ordered plan they may yield, however closely capitalist magnates may estimate in advance the required extent of production on a national and even international scale, and, however, carefully and systematically they may regulate it, we still remain under capitalism—capitalism, it is true, in its latest phase, but still, undoubtedly, capitalism. The nearness of such cap-

italism to Socialism should be, in the mouth of real representatives of the proletariat, an argument for the nearness, ease, feasibility and urgency of the Socialist revolution, and not at all one for tolerating a repudiation of such a revolution, or the attempts to make capitalism look attractive, in which the reformists are habitually engaged.

But to return to the question of the State. Engels makes here three valuable suggestions: in the first place, on the question of a republic; secondly, on the connection between the problems of nationalities and the form of the State; and thirdly, on local self-government.

With regard to the question of a republic, Engels made this point the gravamen of his criticism of the draft of the Erfurt programme; and when we remember what an important part the Erfurt programme has played in the International Social-Democracy, how it became the model for the whole of the Second International, it may, without exaggeration, be said that Engels criticized in this connection the opportunism of the whole Second International. "The political demands of the draft," Engels writes, "are vitiated by a great fault. *They do not mention* (Engels' *italics*) what ought certainly to have been said."

And, later on, he makes it clear that the German constitution is but a copy of the reactionary constitution of 1850, that the Reichstag is only, as Wilhelm Liebknecht put it, "the fig-leaf of Absolutism," and that to "wish to make all the means of production public property" on the basis of a constitution which has legalized the existence of petty States and the federation of petty German States, is an "obvious absurdity."

"It is dangerous to touch on this subject," Engels adds, knowing full well that it was impossible for police reasons to include in the programme a demand for a republic in Germany. But Engels does not simply rest content with this obvious consideration which satisfies "everybody." He continues:

"But the matter must, in one way or another, be pressed forward. To what an extent this is essential is shown particularly just now by the way opportunism is gaining ground in the Social-Democratic press. Fearing a renewal

of the anti-Socialist laws, or remembering some premature declarations made when those laws were in force, some people desire now that the Party should recognize the present legal order in Germany as sufficient for the peaceful realization of all its demands."

Engels brings out as of prime importance the fact that German Social-Democracy was acting in fear of the renewal of the Exceptional Laws, and, without hesitation, calls this opportunism, declaring that just because of the absence of a republic and freedom in Germany, the dreams of a "peaceful" path were quite absurd. Engels is sufficiently careful not to tie his hands in advance. He admits that in republican or very free countries "one can conceive" (only "conceive"!) a peaceful development towards Socialism, but in Germany he repeats:

"In Germany, where the Government is almost omnipotent, and the Reichstag and all other representative bodies have no real power, to proclaim anything of the sort, and that without any need, is to take off the fig leaf from absolutism and to screen its nakedness by one's own body . . ."

The great majority of official leaders of German Social-Democracy, who "stowed away" this advice, have indeed proved the screen of absolutism.

"Such a policy can only, in the end, lead the party on to a false road. General abstract political questions are pushed to the foreground, and in this way all the immediate concrete problems which arise automatically on the order of the day at the first approach of important events, during the first political crisis, are hidden from sight. What else can result from this than that the party may suddenly, at the first critical moment, prove helpless, that on decisive questions confusion and division will arise within the party because these questions had never been discussed?"

"This neglect of great fundamental considerations for the sake of the momentary interests of the day, this chase after momentary successes, and this race after them without account of ultimate results, this sacrifice of the future movement for the present, is, perhaps, the result of 'honest' motives, but is and remains, none the less, opportunism, and 'honest' opportunism is, perhaps, more dangerous than any other . . . If there is anything about which there can be no doubt, it is that our party and the working class can only gain supremacy under a political regime like a democratic republic. This latter is, indeed, the specific form for the dictatorship of the proletariat, as has been demonstrated by the great French Revolution. . . ."

Engels repeats herein a particularly emphatic form the fundamental idea which, like a red thread, runs throughout all Marx's work, viz., that the Democratic Republic is the nearest jumping-board to the dictatorship of the proletariat. For such a republic, without in the least setting aside the domination of capital, and, therefore, the oppression of the masses and the class struggle, inevitably leads to such an extension, intensification and development of that struggle that, as soon as the chance arises for satisfying the fundamental interests of the oppressed masses, this chance is realized inevitably and solely in the form of the dictatorship of the proletariat, of the guidance of these masses by the proletariat. These also have been, for the whole of the Second International, "forgotten words" of Marxism, and their neglect was demonstrated with particular vividness by the history of the Menshevik party during the first half of the Russian Revolution of 1917.

On the question of a Federal Republic, in connection with the national composition of the population, Engels wrote:

"What ought to arise in the place of present-day Germany (with its reactionary monarchist constitution and the equally reactionary division into small States, a division which perpetuates the peculiarities of 'Prussianism' instead of submerging them in Germany as a single whole)? In my opinion the proletariat can only make use of the form

of a one and indivisible republic. A federal republic is still, as a whole, a necessity in the enormous territory of the United States, but even so it is already becoming an impediment in the Eastern States. It would be a progressive step in England, where four nationalities live on the two islands, and where, in spite of one Parliament, three systems of legislation exist side by side. It has long since become a hindrance in little Switzerland, and if there the Federal Republic can still be tolerated, it is only because Switzerland is content with the role of an entirely passive member of the European State system. For Germany, a federalization on the Swiss model would be an enormous step backward. Two points differentiate a federated State from a unitary State, viz., that each individual State within the union has its own civil and criminal legislation, its own particular judicial system; and then this: that, side by side with the popular chamber, there is a chamber of representatives from the States in which every Canton votes as such, irrespective of its size."

In Germany the Federated State is the transition to the complete unitary State, and the "revolutions from above" of 1866 and 1870 must not be turned backwards, but must be completed by a "movement from below."

Engels not only shows no indifference to the question of the form of the State, but, on the contrary, analyzes with the greatest possible care the transitional forms in order to establish, from the concrete historical peculiarities of each separate case, *from what and to what* the given transitional form is evolving.

Engels, like Marx, insists, from the point of view of the proletariat and the proletarian revolution, on democratic centralism, on the one and indivisible republic. The Federal Republic is considered by him to be either an exception and a hindrance to development, or a transitional form between a monarchy and a centralized republic, a "progressive step in certain definite conditions." And amongst these definite conditions arises the problem of nationalities.

With Engels, as with Marx, in spite of their pitiless criticism of the reactionary nature of the small States, often, in

certain concrete cases, hidden from the eye under the cloak of the national question, there is nowhere a trace of any desire to ignore the national question—a desire of which the Dutch and Polish Marxists are often guilty, as a result of their most justifiable opposition to the narrow, middle class nationalism of "their" little States.

Even in England, where the geographical conditions, the common language, and the history of many centuries would seem to have put an end to the national question of the separate small divisions in England—even here Engels is cognizant of the patent fact, that the national question has not yet been overcome, and recognizes, in consequence, that the establishment of a federal republic would be a "progressive" step. Of course, there is no trace here of a renunciation of criticism of the defects of the Federal Republic or of the most determined propaganda and fight for a unitary and democratically-centralized republic.

But Engels' conception of a centralized democracy is not of that bureaucratic order with which middle class ideologists (including anarchists) identify it. Centralism does not, with Engels, in the least exclude such wide local autonomy, which combines a voluntary defence of the unity of the State by the communes and districts with the absolute abolition of all bureaucracy and all "ordering about" from above.

"And so we want a unitary republic [writes Engels, setting out the programmatic views of Marxism on the State] but not in the sense of the present French Republic, which is neither more nor less than the Empire established in 1798 without the Emperor. From 1792 to 1798 each French department, each municipality, enjoyed complete self-government, on the American model, and this is what we, too, ought to have. How local self-government should be organized and how it is possible to do without a bureaucracy has been demonstrated to us by America and the first French Republic, and is still being demonstrated by Canada, Australia and other British Dominions. Such a provincial and communal self-government is a far freer institution than, for instance, the Swiss Federation under which, it is true, the Canton is very independent of the *Bund*

[that is, of the Federal State as a whole] but is also independent of the district and the commune. The cantonal governments appoint the district state-holders and prefects, a feature which is quite absent in the English-speaking countries, and which we, in our own country, must in the future abolish as completely as the Prussian 'Landräte, Regierungsräte'" [that is, all officials appointed from above].

In accordance with this, Engels suggests the following wording for the clause in the programme regarding self-government: "Complete self-government for the provinces, districts and communes through officials elected by universal suffrage, the abolition of all local and provincial authorities appointed by the State."

In the *Pravda* of May 28th, 1917, suppressed by the Government of Kerensky and other "Socialist" Ministers, I had already occasion to point out how in this connection (not by any means in this alone), our sham Socialist representatives of the sham-revolutionary sham-democracy, have scandalously departed from democracy. Naturally people who have allied themselves with the Imperialist capitalist class remained deaf to this criticism.

It is particularly important to note that Engels, armed with precise facts, disproves by a telling example the superstition very widespread, especially among the lower middle class democracy, that a Federal Republic necessarily means a larger amount of liberty than a centralized republic. This is not true. The facts cited by Engels regarding the centralized French Republic of 1792-98 and Federal Switzerland disprove this. The really democratic centralized republic gave more liberty than the federal republic—in other words, the greatest amount of local freedom known in history was granted by a centralized republic, and not by a Federal Republic.

Insufficient attention has hitherto been paid to this fact, as indeed, to the whole question of federal and centralized republics and local self-government in our party literature and agitation.

5. *The Preface of 1891 to Marx's "Civil War in France."*

In his preface to the third edition of the *Civil War in France* (this preface is dated March 18th, 1891, and was originally published in the *Neue Zeit*) Engels, side by side with many other interesting questions in connection with the State, gives a remarkably striking résumé, of the lessons of the Commune. This résumé, confirmed by all the experience of the period of twenty years separating the author from the Commune, and directed particularly against the "superstitious faith in the State" so widely diffused in Germany, can, quite justly, be called the *last word* of Marxism on the question here dealt with.

In France, Engels notes, the workers were armed after every revolution. "Consequently the first commandment for every bourgeois at the head of the State was the disarmament of the workers. Accordingly, after every revolution won by the workers, a new struggle arose which ended with their defeat. . . ."

This is a summing up of the experience of bourgeois revolutions, which is as short as it is expressive. The essence of the whole matter—also, by the way, of the question of the State—viz., *has* the oppressed class arms? is here wonderfully well expressed. It is just this essential thing which, more than not, is ignored both by professors under the influence of capitalist ideology and by the lower middle class democrats. In the Russian Revolution of 1917 it was to the "Menshevik," a so-called "Marxist," Tseretelli, that the Cavaignac honor fell of babbling out this secret of bourgeois revolutions. In his "historic" speech of June 9th (22nd) Tseretelli blundered out the decision of the bourgeoisie to disarm the Petrograd workers—referring, of course, to this decision as his own, and as a vital necessity for the State.

Tseretelli's historic speech of June 9th (22nd) will certainly constitute for every historian of the revolution of 1917 one of the clearest illustrations of how the "bloc" of Socialist-Revolutionaries and Mensheviks, led by Mr. Tseretelli, went over to the side of the capitalist class *against* the revolutionary proletariat.

Another incidental remark of Engels' also connected with the question of the State dealt with religion. It is well known that the German Social-Democracy, in proportion as it began to decay and to become more and more opportunist, slid down more and more frequently to the philistine misinterpretation of the celebrated formula, that "religion is a private matter." That is, this formula was twisted to mean that even for the party of the revolutionary proletariat the question of religion was a private matter. It was against this complete betrayal of the revolutionary program of the proletariat that Engels revolted. In 1891 he only saw the *very feeble* beginnings of opportunism in his party, and, therefore, he expressed himself on the subject most cautiously:

"Corresponding with the fact that in the Commune there sat, almost without exception, only workmen or the recognized representatives of the workers, its decisions were distinguished by their resolute proletarian character. These decisions either decreed such reforms as the republican bourgeoisie had rejected only out of base cowardice, but which formed a necessary foundation for the free activity of the working class. Such, for instance, was the adoption of the principle that in *relation to the State* religion is simply a private matter. Or the Commune promulgated decrees directly in the interests of the working class and, to a certain extent, inflicting deep wounds on the old body social."

Engels deliberately emphasized the words "in relation to the State," not as a mere hint, but as a straight thrust at German opportunism which had declared religion to be a private matter in *relation to the party*; thus lowering the party of the revolutionary proletariat to the level of the most superficial "freethinkers" of the middle class, ready to admit a non-religious State, but renouncing all *party* struggle against the religious opium which stupefies the people.

The future historian of the German Social-Democracy investigating the root causes of its shameful collapse in 1914 will find no little material of interest on this question, beginning with the evasive declarations in the articles of the intellectual leader of the party, Kautsky, opening the door wide

to opportunism, and ending with the attitude of the party towards the "Los-von-Kirche Bewegung" (the movement for the disestablishment of the Church) in 1913.

But let us pass on to the manner in which, twenty years after the Commune, Engels summed up its lessons for the struggling proletariat.

Here are the lessons to which Engels attached prime importance:

"It was just this oppressive power of the former centralized government, the army, the political police, the bureaucracy which Napoleon created in 1798, and which, from that time onwards, every new government had taken over as a desirable weapon for use against its opponents—it was just this power which should have fallen throughout France as it had fallen in Paris.

"The Commune was compelled to recognize from the very first that the working class, having obtained supremacy, could no longer carry on the business of government by means of the old machinery: that, in order that the working class might not lose again its newly-won supremacy, it must, on the one hand, sweep aside the whole of the old machine of oppression which had hitherto been used against it, and on the other, secure itself against its own deputies and officials by declaring them all, without exception, revocable at any time."

Engels emphasizes again and again that not only in a monarchy, *but also in a democratic republic*, the State remains the State, that is, it retains its fundamental and characteristic feature, viz., the transformation of officials—"the servants of society"—and of its organs into the rulers of society.

"Against this inevitable feature of all systems of government that have existed hitherto, viz., the transformation of the State and its organs from servants into the lords of society, the Commune used two unfailing remedies. First, it appointed to all posts, administrative, legal, educational, persons elected by universal suffrage; introducing at the

same time the right of recalling those elected at any time by the decision of their electors. Secondly, it paid all officials, both high and low, only such pay as was received by any other worker. The highest salary paid by the Commune was 6,000 francs (about £240).*

"Thus was created an effective barrier to place-hunting and career-making, even apart from the imperative mandates of the deputies in representative institutions introduced by the Commune over and above this."

Engels touches here on the interesting boundary where a consistent democracy is, on the one hand, *transformed* into Socialism, and on the other, Socialism. For, in order to destroy the State, it is necessary to convert the functions of the public service into such simple operations of control and bookkeeping as are within the reach of the vast majority of the population, and, ultimately, of every single individual. And, in order to do away completely with the political adventurer, it must be made impossible for an "honorable," though unsalaried, sinecure in the public service to be used as a jumping-off ground for a highly profitable post in a bank or a joint stock company, as happens *constantly* in the freest capitalist countries.

But Engels does not make the mistake made, for instance, by some Marxists on the question of the right of a nation to self-determination, viz., that, forsooth, this is impossible under capitalism and will be unnecessary under Socialism. Such an apparently clever, but really incorrect statement might be repeated of *any* democratic institution, amongst others, of the payment of moderate salaries to officials; for, during the lifetime of capitalism a completely consistent democracy is impossible, whilst under Socialism all political democracy *disappears*.

This is a sophism, comparable to the old humorous prob-

* Nominally this means about 2,400 roubles per annum. According to the present rates of exchange in Russia this would be equal to 6,000 roubles. Those Bolsheviks are making quite an unpardonable error who are proposing a salary of 9,000 roubles for members of the Town Duma, for instance, instead of suggesting a maximum salary of 6,000 roubles *for the whole of the State*—a sum quite sufficient for anybody. [As a matter of fact, the salaries of People's Commissars after the Bolshevik Revolution were fixed at 500 roubles per month. Since then, however, the value of the rouble has still further decreased, so the salaries had to be raised.—Trans.].

lem of at what point a man will become bald if he loses his hair one by one.

The development of democracy to its logical conclusion, the investigation of the *forms* of this development, *testing* them by practice, and so forth—all this is part of the objects in the struggle for the Social Revolution. Taken separately, no kind of democracy will yield Socialism. But in actual life democracy will never be “taken by itself”; it will be “taken together” with other things, it will exert its influence also on economics, helping on its re-organization; it will be subjected, in its turn, to the influence of economic development, and so on. That is the dialectical process of actual living history. Engels continues:

“This disruption (“Sprengung”) of the old machinery of government and its replacement by a new and really democratic one, is described in detail in the third part of the *Civil War*. But it was necessary to dwell once more in brief on this point, that is, on one or two features of this replacement, because in Germany the superstitious faith in the State has left the realm of philosophy and passed into the general consciousness of the bourgeoisie and even of many workers. According to the teaching of the philosophers, the State is the ‘realization of Idea,’ or translated into theological language, the Kingdom of God on earth; the State is the field in which is, or should be, realized eternal Truth and Justice. And from this follows a superstitious reverence for the State and for everything appertaining to the State—a superstitious reverence which takes root the more readily as people are accustomed, from their childhood, to think that the affairs and interests common to the whole of society cannot be carried out and protected in any other way than in the one in existence—that is, by means of the State and its well-paid officials. People think they are making an extraordinarily big step forward if they rid themselves of faith in a hereditary monarchy and become partisans of a democratic republic. Whereas, in reality, the State is nothing more than an apparatus for the oppression of one class by another, in a democratic republic, not a whit less than in a monarchy.

'At best the State is an evil inherited by the proletariat after coming out victorious in the struggle for class supremacy. The victorious proletariat, just like the Commune, will be obliged immediately to amputate the worst features of this evil, until such time as a new generation, brought up under new and free social conditions, will prove capable of throwing on the dust-heap all the useless old rubbish of State organization."

Engels cautioned the Germans, in the event of the monarchy being replaced by a republic, not to forget the fundamentals of Socialism on the question of the State in general. His warnings now read like a direct lesson to Messrs. Tsere-telli and Tchernoff who revealed in their coalition tactics a superstitious faith in, and respect towards, the State!

Two more points. (1) When Engels says that in a democratic republic, "not a whit less" than in a monarchy, the State remains an "apparatus for the oppression of one class by another," this by no means signifies that the *form* of oppression is a matter of indifference to the proletariat, as some anarchists "teach." A wider, more free and open form of the class struggle and class oppression enormously assists the proletariat in its struggle for the annihilation of all classes. (2) Why only a new generation will be able completely to scrap the ancient lumber of the State—this question is bound up with the question of the supersession of democracy, to which we now turn.

6. *Engels on the Supersession of Democracy.*

Engels had occasion to speak on this subject in connection with the question of the "scientific" incorrectness of the term "Social-Democrat."

In the introduction to his edition of his articles of the 'seventies on various subjects, mainly on international questions ("Internationales aus dem Volkstaat"), dated January 3rd, 1894 (that is, a year and a half before his death), Engels wrote that in all his articles he used the word "Communist," not "Social-Democrat"; because at that time it was the Proudhonists in France and the Lassalleans in Germany who called themselves Social-Democrats.

"For Marx and for me [Engels continues] it was, therefore, quite impossible to use such an elastic term to describe our particular point of view. At the present time things are different, and this word ('Social-Democrat') may, perhaps, pass muster, although it remains inexact ('unpassend' literally 'unsuitable') for a party whose economic programme is not simply a general Socialist one, but definitely Communist—for a party whose final political aim is the supersession of the whole State and, therefore, also of democracy. But the names of *real* (the italics are Engels') political parties never completely correspond with fact: the party develops, the name remains."

The dialectician Engels remains true to dialectics to the last day of his life. Marx and I, he says, had a splendid, scientific, exact name for the party, but there was no real party, that is, no mass-proletarian party. Now, at the end of the 19th century, there is a real party; but its name is scientifically incorrect. Never mind, "it will pass muster," only let the party grow, only let not the scientific inexactness of its name be hidden from it, and let it not hinder its development in the right direction.

Perhaps, indeed, some humorist might comfort us Bolsheviks à la Engels: we have a real party, it is developing splendidly; even such a meaningless and barbarous term as "Bolshevik" "will pass muster," although it expresses nothing but the purely accidental fact that at the Brussels-London Conference of 1903 we had a majority (Bolshinstvo). Perhaps now, when the July and August persecutions of our party by the republican and "revolutionary" middle class democracy have made the word "Bolshevik" such a universally respected name; when, in addition, these persecutions have signalized such a great historical step forward made by our party in its *actual* development, perhaps now even I should hesitate to repeat my April suggestion to change the name of our Party. Perhaps I would propose a "compromise" to our comrades, to call ourselves the Communist Party, but to retain "Bolsheviks" in brackets* . . . But the question of

* This was actually done after the November Revolution: The Bolshevik Party now officially styles itself: "Communist Party of the Bolsheviks").—Trans.

the name of the party is incomparably less important than the question of the relation of the revolutionary proletariat to the State.

In the usual debates about the State the mistake is constantly made against which Engels cautions us here, and which we have indicated above. Namely, it is constantly forgotten that the destruction of the State involves also the destruction of democracy; that the "withering away" of the State also means the "withering away" of democracy. At first sight such a statement seems exceedingly strange and incomprehensible. Indeed, perhaps some one or other may begin to fear lest we be expecting the advent of such an order of society in which the principle of majority rule will not be respected—for is not a democracy just the recognition of this principle?

No, democracy is not identical with majority rule. No, democracy is a *State* which recognizes the subjection of the minority to the majority, that is, an organization for the systematic use of *violence* by one class against the other, by one part of the population against another.

We set ourselves, as our final aim, the task of the destruction of the State, that is, of every organized and systematic violence, every form of violence against man in general. We do not expect the advent of an order of society in which the principle of submission of the minority to the majority will not be observed. But, striving for Socialism, we are convinced that it will develop further into Communism, and, side by side with this, there will vanish all need for force, for the *subjection* of one man to another, of one section of society to another, since people will grow accustomed to observing the elementary conditions of social existence *without force and without subjection*.

In order to emphasize this element of habit, Engels speaks of a *new* generation, "brought up under new and free social conditions, which will prove capable of throwing on the dust-heap all the useless old rubbish of State organization"—*every* sort of State, including even the democratic republican State.

For the elucidation of this, we must examine the question of the economic foundations of the withering away of the State.

CHAPTER V.

THE ECONOMIC FOUNDATION OF THE "WITHERING AWAY" OF THE STATE.

A MOST detailed elucidation of this question is given by Marx in his "Criticism of the Gotha Programme" (letter to Bracke, May 15th, 1875, printed as late as 1891 in the *Neue Zeit*, ix., 1). The polemical part of this remarkable work consisting of a criticism of Lassalleism has, so to speak, overshadowed its positive part, namely the analysis of the connection between the development of Communism and the "withering away" of the State.

1. *The Formulation of the Question by Marx.*

From a superficial comparison of the letter of Marx to Bracke (May 15th, 1875) with Engels' letter to Bebel (March 28th, 1875), discussed above, it might appear that Marx was much more of an upholder of the State than Engels, and that the difference of opinion between them on the question of the State is very considerable.

Engels suggests to Bebel that all the chatter about the State should be thrown overboard; that the word "State" should be eliminated from the programme and replaced by "Commonwealth"; Engels even declares that the Commune was really no longer a State in the proper sense of the word. Whereas Marx even speaks of the "future State in Communist society," that is, apparently recognizing the necessity of a State even under Communism.

But such a view would be fundamentally incorrect; and a closer examination shows that Marx's and Engels' views on the State and its decay were completely identical, and that Marx's expression quoted above refers merely to the *decaying* State.

It is clear that there can be no question of defining the exact moment of the *future* "withering away"—the more so as it must obviously be a prolonged process. The apparent difference between Marx and Engels is due to the different subjects they dealt with, the different aims they were pursuing. Engels set forth the problem in a plain, bold and large outline in order to show Bebel all the absurdity of the current superstitions concerning State, shared to no small degree by Lassalle himself. Marx only touches upon *this* question in passing, being interested mainly in another subject—the *evolution* of Communist society. The whole theory of Marx is an application of the theory of evolution—in its most consistent, complete, well-thought-out and fruitful form—to modern Capitalism. Naturally, for Marx there arose the question of the application of this theory both to the *coming* crash of capitalism and to the *future* development of *future* Communism.

On what foundation of facts can the future development of future Communism be based? It can be based on the fact that *it has its origin* in capitalism, that it develops historically from capitalism, that it is the result of the action of social forces to which capitalism *has given birth*. There is no shadow of an attempt on Marx's part to fabricate a utopia, idly to guess that which cannot be known. Marx treats the question of Communism in the same way as a naturalist would treat the question of the development of, say a new biological variety, if he knew that such and such was its origin, and such and such is the direction in which it changes its form.

Marx, first of all, brushes aside the confusion which is introduced by the Gotha programme into the question of the mutual relations of State and Society.

"Contemporary society [he writes] is capitalist society, which exists in all civilized countries, freed, to a greater or lesser extent, from admixture of mediævalism, more or less varying in type according to the peculiar historical conditions of development of each country, more or less fully developed. The 'contemporary State,' on the contrary, varies with every State boundary. In the Prusso-German Empire it is quite a different thing from that in Switzer-

land; in England quite different from that in the United States. The 'contemporary State' is, therefore a fiction.

"However, in spite of the motley variety of their forms, the different forms of the State in the different civilized countries have this in common—they are all based on contemporary bourgeois society, more or less capitalistically developed. They have, therefore, certain fundamental traits in common. In this sense one can speak of the 'contemporary State' in contradistinction to that future time when its present root, namely, capitalist society, will have perished.

"The question is then put thus: To what transformation will the forms of government be subjected in Communist society? In other words what social functions will there remain, then, analogous to the present functions of the State? This question can only be answered with the help of the scientific method; and, however many thousands of times the word 'people' is combined with the word 'State,' this will not bring us one iota nearer its solution. . . ."

Having thus ridiculed all the talk of a "People's State" Marx formulates the question and warns us, as it were, that for a scientific answer to it one can only rely on firmly established scientific facts.

The first fact that has been established with complete exactness by the whole theory of evolution, indeed, by the whole of science—a fact which the utopians forgot, however, and which is now forgotten by the present opportunists, afraid of the Socialist revolution—is that, historically, there must undoubtedly be a special stage or epoch of *transition* from capitalism to Communism.

2. *The Transition from Capitalism to Communism.*

"Between capitalist and Communist society [Marx continues], there lies a period of revolutionary transformation from the former to the latter. A stage of political transition corresponds to this period, and the State during this period can be no other than the *revolutionary dictatorship of the proletariat.*"

This conclusion Marx bases on an analysis of the role played by the proletariat in modern capitalist society, on the facts of the development of this society and on the irreconcilability of the antagonistic interests of the proletarian and the capitalist class.

Earlier the question was put thus: To attain its emancipation the proletariat must overthrow the capitalist class, conquer political power and establish its own revolutionary dictatorship. Now the question is put somewhat differently: The transition from capitalist society developing towards Communism to a Communist society, is impossible without a period of "political transition," and the State in this period can only be the revolutionary dictatorship of the proletariat.

What, then, is the relation of this dictatorship to democracy?

We saw that *The Communist Manifesto* simply places side by side the two ideas: the "conversion of the proletariat into the ruling class" and the "conquest of democracy." On the basis of all that has been said above, one can define more exactly how democracy changes in the transition of capitalism to Communism.

In capitalist society, under the conditions most favorable to its development, we have a more or less complete democracy in the form of a democratic republic. But this democracy is always bound by the narrow framework of capitalist exploitation, and consequently always remains, in reality, a democracy only for the minority, only for the possessing classes, only for the rich. Freedom in capitalist society always remains more or less the same as it was in the ancient Greek republics, that is, freedom for the slave owners. The modern wage-slaves, in virtue of the conditions of capitalist exploitation, remain to such an extent crushed by want and poverty that they "cannot be bothered with democracy," have "no time for politics"; that, in the ordinary peaceful course of events, the majority of the population is debarred from participating in public political life.

The accuracy of this statement is perhaps most clearly proved by Germany, just because in this State constitutional legality has lasted and remained stable for a remarkably long time—for nearly half a century (1871-1914); and the Social-

Democracy during this time has been able, far better than has been the case in other countries, to make use of "legality" in order to organize into a political party a larger proportion of the working class than has occurred anywhere else in the world.

What, then, is this highest proportion of politically conscious and active wage-slaves that has so far been observed in capitalist society? One million members of the Social-Democratic Party out of fifteen millions of wage-workers! Three millions industrially organized out of fifteen millions!

Democracy for an insignificant minority, democracy for the rich—that is the democracy of capitalist society. If we look more closely into the mechanism of capitalist democracy, everywhere—in the so-called "petty" details of the suffrage (the residential qualification, the exclusion of women, etc.), in the technique of the representative institutions, in the actual obstacles to the right of meeting (public buildings are not for the "poor"), in the purely capitalist organization of the daily press, etc., etc.—on all sides we shall see restrictions upon restrictions of democracy. These restrictions, exceptions, exclusions, obstacles for the poor, seem slight—especially in the eyes of one who has himself never known want, and has never lived in close contact with the oppressed classes in their hard life, and nine-tenths, if not ninety-nine hundredths, of the bourgeois publicists and politicians are of this class! But in their sum these restrictions exclude and thrust out the poor from politics and from an active share in democracy. Marx splendidly grasped the *essence* of capitalist democracy, when, in his analysis of the experience of the Commune, he said that the oppressed are allowed, once every few years to decide which particular representatives of the oppressing class are to represent and repress them in Parliament!

But from this capitalist democracy—inevitably narrow, stealthily thrusting aside the poor, and therefore, to its core, hypocritical and treacherous—progress does not march along a simple, smooth and direct path to "greater and greater democracy," as the Liberal professors and the lower middle class opportunists would have us believe. No, progressive development—that is, towards Communism—marches through the dictatorship of the proletariat; and cannot do otherwise,

for there is no one else who can *break the resistance* of the exploiting capitalists, and no other way of doing it.

And the dictatorship of the proletariat—that is, the organization of the advance-guard of the oppressed as the ruling class, for the purpose of crushing the oppressors—cannot produce merely an expansion of democracy. *Together* with an immense expansion of democracy—for the first time becoming democracy for the poor, democracy for the people, and not democracy for the rich folk—the dictatorship of the proletariat will produce a series of restrictions of liberty in the case of the oppressors, exploiters and capitalists. We must crush them in order to free humanity from wage-slavery; their resistance must be broken by force. It is clear that where there is suppression there must also be violence, and there cannot be liberty or democracy.

Engels expressed this splendidly in his letter to Bebel when he said, as the reader will remember, that “the proletariat needs the State, not in the interests of liberty, but for the purpose of crushing its opponents; and, when one will be able to speak of freedom, the State will have ceased to exist.”

Democracy for the vast majority of the nation, and the suppression by force—that is, the exclusion from democracy—of the exploiters and oppressors of the nation; this is the modification of democracy which we shall see during the *transition* from capitalism to Communism.

Only in Communist society, when the resistance of the capitalists has finally been broken, when the capitalists have disappeared, when there are no longer any classes (that is, when there is no difference between the members of society in respect of their social means of production) *only then* “does the State disappear and one can speak of freedom.” Only then will be possible and will be realized a really full democracy, a democracy without any exceptions. And only then will democracy itself begin to wither away in virtue of the simple fact that, freed from capitalist slavery, from the innumerable horrors, savagery, absurdities and infamies of capitalist exploitation, people will gradually *become accustomed* to the observation of the elementary rules of social life, known for centuries, repeated for thousands of years in all sermons. They will become accustomed to their observ-

ance without force, without constraint, without subjection, without the *special apparatus* for compulsion which is called the State.

The expression "the State withers away," is very well chosen, for it indicates the gradual and elemental nature of the process. Only habit can, and undoubtedly will, have such an effect: for we see around us millions of times how readily people get accustomed to observe the necessary rules of life in common, if there is no exploitation, if there is nothing that causes indignation, that calls forth protest and revolt and has to be suppressed.

Thus, in capitalist society, we have a democracy that is curtailed, wretched, false; a democracy only for the rich, for the minority. The dictatorship of the proletariat, the period of transition to Communism, will, for the first time, produce a democracy for the people, for the majority, side by side with the necessary suppression of the minority constituted by the exploiters. Communism alone is capable of giving a really complete democracy, and the fuller it is the more quickly will it become unnecessary and wither away of itself. In other words, under capitalism we have a State in the proper sense of the word: that is, a special instrument for the suppression of one class by another, and of the majority by the minority at that. Naturally, for the successful discharge of such a task as the systematic suppression by the minority of exploiters of the majority of exploited, the greatest ferocity and savagery of suppression is required, and seas of blood are needed, through which humanity has to direct its path, in a condition of slavery, serfdom and wage labor.

Again, during the *transition* from capitalism to Communism, suppression is *still* necessary; but in this case it is suppression of the minority of exploiters by the majority of exploited. A special instrument, a special machine for suppression—that is, the "State"—is necessary, but this is now a transitional State, no longer a State in the ordinary sense of the term. For the suppression of the minority of exploiters, by the majority of those who were *but yesterday* wage slaves, is a matter comparatively so easy, simple and natural that it will cost far less bloodshed than the suppression of the risings of the slaves, serfs or wage laborers, and will cost the human

race far less. And it is compatible with the diffusion of democracy over such an overwhelming majority of the nation that the need for any *special machinery* for suppression will gradually cease to exist. The exploiters are unable, of course, to suppress the people without a most complex machine for performing this duty; but *the people* can suppress the exploiters even with a very simple "machine"—almost without any "machine" at all, without any special apparatus—by the simple organization of the armed masses (such as the Councils of Workers' and Soldiers' Deputies, we may remark, anticipating a little).

Finally, only under Communism will the State become quite unnecessary, for there will be *no one* to suppress—"no one" in the sense of a *class*, in the sense of a systematic struggle with a definite section of the population. We are not utopians, and we do not in the least deny the possibility and inevitability of excesses by *individual persons*, and equally the need to suppress such excesses. But, in the first place, for this no special machine, no special instrument of repression is needed. This will be done by the armed nation itself, as simply and as readily as any crowd of civilized people, even in modern society, parts a pair of combatants or does not allow a woman to be outraged. And, secondly, we know that the fundamental social cause of excesses which violate the rules of social life is the exploitation of the masses, their want and their poverty. With the removal of this chief cause, excesses will inevitably begin to "wither away." We do not know how quickly and in what stages, but we know that they will be withering away. With their withering away, the State will also wither away. Marx, without plunging into Utopia, defined more fully what can *now* be defined regarding this future epoch: namely, the difference between the higher and lower phases (degrees, stages) of Communist society.

3. *The First Phase of Communist Society.*

In the *Criticism of the Gotha Programme*, Marx disproves in detail the Lassallean idea of the receipt by the workers under Socialism of the "undiminished" or "full product of their labor." Marx shows that out of the whole of the

social labor of society, it will be necessary to deduct a reserve fund, a fund for the expansion of industry, the replacement of "worn-out" machinery, and so on; then, also, out of the collective product a fund for the expenses of management, for schools, hospitals, homes for the aged, and so forth.

Instead of the hazy, obscure, general phrase of Lassalle—"the full product of his labor for the worker"—Marx gives a sober estimate as to how exactly a Socialist society will have to manage its affairs. Marx takes up a *concrete* analysis of the conditions of life of a society in which there will be no capitalism, and says: "We have to deal here" (analyzing the programme of the Party), "not with a Communist society which has *developed* on its own foundations, but with one which has just *issued* actually from capitalist society, and which, in consequence, in all respects—economic, moral and intellectual—still bears the stamp of the old society, from the womb of which it came." And it is this Communist society—a society which has just come into the world out of the womb of capitalism, and which, in all respects, bears the stamp of the old society—that Marx terms the first, or lower, phase of Communist society.

The means of production are now no longer the private property of individuals. The means of production belong to the whole of society. Every member of society, performing a certain part of socially-necessary labor, receives a certificate from society that he has done such and such a quantity of work. According to this certificate, he receives from the public stores of articles of consumption a corresponding quantity of products. After the deduction of that proportion of labor which goes to the public fund, every worker, therefore, receives from society as much as he has given it.

"Equality" seems to reign supreme. But when Lassalle, having in view such a social order (generally called "Socialism," but termed by Marx the first phase of Communism) speaks of this as "just distribution," and says that this is "the equal right of each to an equal share of the products of labor," Lassalle is mistaken, and Marx explains his error.

"Equal right [says Marx], we indeed have here; but it is still a 'bourgeois right' which, like every right, *pre-supposes*

inequality. Every 'right' is an application of the *same* measure to *different* people who, as a matter of fact, are not similar and are not equal to one another; and, therefore, 'equal right' is really a violation of equality, and an injustice. In effect, every man having done as much social labor as every other, receives an equal share of the social products (with the above-mentioned deductions). Notwithstanding this, different people are not equal to one another. One is strong, another is weak; one is married, the other is not. One has more children, another has less, and so on.

"With equal labor [Marx concludes] and, therefore, with an equal share in the public stock of articles of consumption, one will, in reality, receive more than another, will find himself richer, and so on. To avoid all this, 'rights,' instead of being equal, should be unequal."

The first phase of Communism, therefore, still cannot produce justice and equality; differences and unjust differences, in wealth will still exist, but the *exploitation* of one man by many, will have become impossible, because it will be impossible to seize as private property the *means of production*, the factories, machines, land, and so on. While tearing to tatters Lassalle's small bourgeois, confused phrase about "equality" and "justice" *in general*, Marx at the same time shows the *line of development* of Communist society, which is forced at first to destroy *only* the "injustice" that the means of production are in the hands of private individuals. *It is not capable* of destroying at once the further injustice which is constituted by the distribution of the articles of consumption according to "work performed" (and not according to need).

The vulgar economists, including the bourgeois professors (such as "our" Tugan-Baranowsky), constantly reproach the Socialists with forgetting the inequality of mankind and with "dreaming" of destroying this inequality. Such a reproach, as we see, only proves the extreme ignorance of the bourgeois ideologists.

Marx not only, with the greatest care, takes into account the inevitable inequalities of men; he also takes cognizance of the fact that the mere conversion of the means of production

into the common property of the whole of society—"Socialism" in the generally accepted sense of the word—*does not remove* the shortcomings of distribution and the inequality of "bourgeois justice," which continue to exist as long as the products are divided according to the quantity of "work performed."

"But these defects [Marx continues] are unavoidable in the first phase of Communist society, in the form in which it comes forth, after the prolonged travail of birth, from capitalist society. Justice can never be in advance of its stage of economic development, and of the cultural development of society conditioned by the latter."

And so, in the first phase of Communist society (generally called Socialism) "bourgeois justice is *not* abolished in its entirety, but only in part, only in proportion to the economic transformation so far attained, that is, only in respect of the means of production." "Bourgeois law" recognizes them as the private property of separate individuals. Socialism converts them into common property, and to that extent, and only to that extent, does "bourgeois law" die out. But it continues to live as far as its other part is concerned, in the capacity of regulator or adjuster dividing labor and allotting the products amongst the members of society.

"He who does not work neither shall he eat"—this Socialist principle is *already* realized. "For an equal quantity of labor an equal quantity of products"—this Socialist principle is also already realized. Nevertheless, this is not yet Communism, and this does not abolish "bourgeois law," which gives to unequal individuals, in return for an unequal (in reality) amount of work, an equal quantity of products.

This is a "defect," says Marx, but it is unavoidable during the first phase of Communism; for, if we are not to land in Utopia, we cannot imagine that, having overthrown capitalism, people will at once learn to work for society *without any regulations by law*; indeed, the abolition of capitalism does not *immediately* lay the economic foundations for such a change.

And there is no other standard yet than that of "bourgeois

law." To this extent, therefore, a form of State is still necessary, which, whilst maintaining the public ownership of the means of production, preserves the equality of labor and equality in the distribution of the products. The State is withering away in so far as there are no longer any capitalists, any classes, and, consequently, any *class* whatever to suppress. But the State is not yet dead altogether, since there still remains the protection of "bourgeois law," which sanctifies actual inequality. For the complete extinction of the State complete Communism is necessary.

4. *The Highest Phase of Communist Society.*

Marx continues:

"In the highest phase of Communist society, after the disappearance of the enslavement of man caused by his subjection to the principle of division of labor; when, together with this, the opposition between brain and manual work will have disappeared; when labor will have ceased to be a mere means of supporting life and will itself have become one of the first necessities of life; when with the all-round development of the individual, the productive forces, too, will have grown to maturity, and all the forces of social wealth will be pouring an uninterrupted torrent—only then will it be possible wholly to pass beyond the narrow horizon of bourgeois laws, and only then will society be able to inscribe on its banner: 'From each according to his ability; to each according to his needs.' "

Only now can we appreciate the full justice of Engels' observations when he mercilessly ridiculed all the absurdity of combining the words "freedom" and "State." While the State exists there can be no freedom. When there is freedom there will be no State.

The economic basis for the complete withering away of the State is that high stage of development of Communism when the distinction between brain and manual work disappears; consequently, when one of the principal sources of modern *social* inequalities will have vanished—a source, moreover, which it is impossible to remove immediately by the mere

conversion of the means of production into public property, by the mere expropriation of the capitalists.

This expropriation will make it possible gigantically to develop the forces of production. And seeing how incredibly, even now, capitalism *retards* this development, how much progress could be made even on the basis of modern technique at the level it has reached, we have a right to say, with the fullest confidence, that the expropriation of the capitalists will result inevitably in a gigantic development of the productive forces of human society. But how rapidly this development will go forward, how soon it will reach the point of breaking away from the division of labor, of the destruction of the antagonism between brain and manual work, of the transformation of work into a "first necessity of life"—this we do not and *cannot* know.

Consequently, we are right in speaking solely of the inevitable withering away of the State, emphasizing the protracted nature of this process, and its dependence upon the rapidity of development of the *higher phase* of Communism; leaving quite open the question of lengths of time, or the concrete forms of this withering away, since material for the solution of such questions is not available.

The State will be able to wither away completely when society has realized the formula: "From each according to his ability; to each according to his needs"; that is when people have become accustomed to observe the fundamental principles of social life, and their labor is so productive, that they will voluntarily work *according to their abilities*. "The narrow horizon of bourgeois law," which compels one to calculate, with the pitilessness of a Shylock, whether one has not worked half-an-hour more than another, whether one is not getting less pay than another—this narrow horizon will then be left behind. There will then be no need for any exact calculation by society of the quantity of products to be distributed to each of its members; each will take freely "*according to his needs*."

From the capitalist point of view, it is easy to declare such a social order "a pure Utopia," and to sneer at the Socialists for promising each the right to receive from society, without any control of the labor of the individual citizens, any quan-

ty of truffles, motor cars, pianos, and so forth. Even now, most bourgeois "savants" deliver themselves of such sneers, but thereby they only display at once their ignorance and their material interest in defending capitalism. Ignorance—for it has never entered the head of any Socialist "to promise" that the highest phase of Communism will actually arrive, while the *anticipation* of the great Socialists that it *will* arrive, assumes *neither the present* productive powers of labor, *nor the present* unthinking "man in the street" capable of spoiling, without reflection, the stores of social wealth and of demanding the impossible. As long as the "highest" phase of Communism has not arrived, the Socialists demand the strictest control, *by society and by the State*, of the quantity of labor and the quantity of consumption; only this control must start with the expropriation of the capitalists, with the control of the workers over the capitalists, and must be carried out, not by a government of bureaucrats, but by a government of the *armed workers*.

The interested defence of capitalism by the capitalist ideologists (and their hangers-on like Tseretelli, Tchernoff & Co.) consists just in that they *substitute* their disputes and discussions about the far future for the essential, imperative questions of the day: the expropriation of the capitalists, the conversion of *all* citizens into workers and employees of one huge "syndicate"—the whole State—and the complete subordination of the whole of the work of this syndicate to a really democratic State—to the State consisting of the *Councils of Workers' and Soldiers' Deputies*. In reality, when a learned professor, and in his train, some philistine, and in his wake, Messrs. Tseretelli and Tchernoff, talk of unreasonable Utopias, of the demagogic promises of the Bolsheviks, of the impossibility of "bringing in" Socialism, it is the highest stage or phase of Communism which they have in mind, and which no one has not only promised, but ever even thought of trying to "bring in," because, in any case, it is altogether impossible to "bring it in."

And here we come to that question of the scientific difference between Socialism and Communism, upon which Engels touched in his discussion cited above on the incorrectness of the name "Social-Democrat." The political difference

between the first, or lower, and the higher phase of Communism will in time, no doubt, be tremendous; but it would be ridiculous to emphasize it now, under capitalism, and only, perhaps, some isolated anarchist could invest it with primary importance—that is, if there are still people amongst the anarchists who have learned nothing from the Plekanoff-like conversion of the Kropotkins, the Graves, the Cornelisens, and other “leading lights” of anarchism to Social-Chauvinism or Anarcho-“Jusquaboutism” as one of the few anarchists still preserving their honor (Gay) has expressed it.

But the scientific difference between Socialism and Communism is clear. That which is generally called Socialism is termed by Marx the first or lower phase of Communist society. In so far as the means of production become public property, the word Communism is also applicable here, providing that we do not forget that it is not full Communism. The great importance of Marx’s explanation is this: that here, too, he consistently applies materialist dialectics, the theory of evolution, looking upon Communism as something which evolves *out of* capitalism.

Instead of artificially elaborate and scholastic definitions and profitless disquisitions on the meanings of words (“what Socialism is,” “what Communism is”), Marx gives us an analysis of what may be called the stages in the economic growth of Communism.

In its first phase or first stage Communism *cannot* as yet be economically mature and quite free of all tradition and of all taint of capitalism. Hence we see the interesting phenomenon of the first phase of Communism retaining “the narrow horizon of bourgeois law.” Bourgeois law, in respect of the distribution of articles of consumption, presupposes inevitably the capitalist State, for law is nothing without the organization for *forcing* people to obey it. Consequently, for a certain time not only bourgeois law, but even the capitalist State may remain under Communism without the capitalist class.

This may appear to some a paradox, a piece of intellectual subtlety of which Marxism is often accused by people who would not put themselves out to study its extraordinarily profound teachings. But, as a matter of fact, the Old surviving

in the New confronts us in life at every step in nature as well as in Society. It is not Marx's own sweet will which smuggled a scrap of bourgeois law into Communism; he simply indicated what is economically and politically inevitable in a society issuing from the *womb of capitalism*.

Democracy is of great importance in the working class struggle for freedom against the capitalists. But democracy is not a limit one may not overstep; it is merely one of the stages in the course of development from feudalism to capitalism, and from capitalism to Communism.

Democracy implies equality. The immense significance of the struggle of the proletariat for equality and the power of attraction of such a battle-cry are obvious, if we but rightly interpret it as meaning the *annihilation of classes*. But the equality of democracy is *formal equality*—no more; and immediately after the attainment of the equality of all members of society in respect of the ownership of the means of production, that is, of equality of labor and equality of wages, there will inevitably arise before humanity the question of going further from equality which is formal to equality which is real, and of realizing in life the formula, "From each according to his ability; to each according to his needs." By what stages, by means of what practical measures humanity will proceed to this higher aim—this we do not and cannot know. But it is important that one should realize how infinitely mendacious is the usual capitalist representation of Socialism as something lifeless, petrified, fixed once for all. In reality, it is only with Socialism that there will commence a rapid, genuine, real mass advance, in which first the majority and then the *whole* of the population will take part—an advance in all domains of social and individual life.

Democracy is a form of the State—one of the varieties of the State, and, consequently, like every State, it stands as an organized, systematic application of force against mankind. That is its one aspect. But, on the other hand, it is the formal recognition of the equality of all citizens, the equal right of all to determine the structure and administration of the State. Out of this formal recognition there arises, in its turn, a stage in the development of democracy, when it first rallies the proletariat as a revolutionary class against capitalism, and

gives it an opportunity to crush, to break to atoms, to wipe off the face of the earth the capitalist government machine—even the republican variety: the standing army, police, and bureaucracy. Second, it enables it to substitute for all this a more democratic, but still a *State* machinery in the shape of armed masses of the working class, which then become transformed into a universal participation of the people in a militia.

Here "quantity passes into quality." Such a degree of democracy carries with it the abandonment of the framework of capitalist society, and the beginning of its Socialist reconstruction. If *everyone* really takes part in the administration of the State, capitalism cannot retain its hold. As a matter of fact, capitalism, as it develops, itself prepares the ground for everyone to be able really to take part in the administration of the State.

We may class as part of this preparation of the ground the universal literacy of the population, already realized in most of the more progressive capitalist countries, then the education and discipline inculcated upon millions of workers by the huge, complex, and socialized apparatus of the post, railways, big factories, large-scale commerce, banking and so on, and so forth.

With such an *economic* groundwork it is quite possible, immediately, within twenty-four hours, to pass to the overthrow of the capitalists and bureaucrats, and to replace them, in the control of production and distribution, in the business of apportioning labor and products, by the armed workers, or the people in arms. The question of control and bookkeeping must not be confused with the question of the scientifically educated staff of engineers, agriculturists and so on. These gentlemen work to-day owing allegiance to the capitalists: they will work even better to-morrow, owing it to the armed workers. Bookkeeping and control—these are the chief things necessary for the smooth and correct functioning of the *first phase* of Communist society. All the citizens are here transformed into the hired employees of the State, which then is the armed workers. All the citizens become the employes and workers of *one* national State "syndicate." It simply resolves itself into a question of all working to an equal

extent, of all carrying out regularly the measure of work apportioned to them, and of all receiving equal pay.

The bookkeeping and control necessary for this have been simplified by capitalism to the utmost, till they have become the extraordinarily simple operations of watching, recording and issuing receipts, within the reach of anybody who can read and write and knows the first four arithmetical rules.* When the majority of the citizens themselves begin everywhere to keep such accounts and maintain such control over the capitalists, now converted into employees, and over the intellectual gentry, who still retain capitalist habits, this control will, indeed, become universal, pervading, rational: it will be ubiquitous, and there will be no way of escaping it.

The whole of society will have become one office and one factory, with equal work and equal pay. But this "factory" discipline, which the proletariat will extend to the whole of society on the defeat of capitalism and the overthrow of the exploiters, is by no means our ideal, and is far from our final aim. It is but a foothold as we press on to the radical cleansing of society from all the brutality and foulness of capitalist exploitation: we leave it behind as we move on.

When all, or be it even only the greater part of society, have learned how to govern the State, have taken this business into their own hands, have established a control over the insignificant minority of capitalists, over the gentry with capitalist leanings, and workers thoroughly demoralized by capitalism—from this moment the need for any government begins to vanish. The more complete the democracy, the nearer the moment when it ceases to be necessary. The more democratic the "State" consisting of armed workers, which is "no longer really a State in the ordinary sense of the term," the more rapidly does every form of the State begin to decay. For when all have learned to manage, and really do manage, socialized production, when all really do keep account and control of the idlers, gentlefolk, swindlers and such like "guar-

* When most of the functions of the State are reduced to this bookkeeping and control by the workers themselves, it ceases to be a "political" State. Then "the public functions are converted from political into simple administrative functions" (cf. above, chap. iv. par. 2, on the dispute of Engels with the anarchists).

dians of capitalist traditions," the escape from such general registration and control will inevitably become so increasingly difficult, so much the exception, and will probably be accompanied by such swift and severe punishment (for the armed workers are very practical people, not sentimental intellectuals, and they will scarcely allow anyone to trifle with them), that very soon the *necessity* of observing the simple, fundamental rules of any kind of social life will become a habit. The door will then be wide open for the transition from the first phase of Communist society to its second higher phase, and along with it to the complete withering away of the State.

CHAPTER VI

THE VULGARIZATION OF MARX BY THE OPPORTUNISTS.

THE question of the relation of the State to the Social Revolution, and of the Social Revolution to the State, like the question of revolution generally, occupied very little the best known theoreticians of the Second International (1889-1914). But the most characteristic thing in that process of the gradual growth of opportunism, which led to the collapse of the Second International in 1914, is this, that even when they actually came into contact with this question they did their best to evade it or else passed it by unnoticed.

It may, in general, be said that the evasiveness on this question of the relation of the proletarian revolution to the State, an evasiveness which was both convenient to the opportunists and bred and fed them—resulted in a distortion of Marxism and in its complete vulgarization.

To characterize, if only in brief, this lamentable process, let us take the best-known theoreticians of Marxism: Plekhanoff and Kautsky.

1. *The Controversy Between Plekhanoff and the Anarchists.*

Plekhanoff devoted a special pamphlet to the question of the relation of Socialism to anarchism entitled *Anarchism and Socialism*, published in German in 1894. He managed somehow to treat this question without touching on the most vital, controversial point, the essential point *politically*, in the struggle with the anarchists: the relation of the revolution to the State, and the question of the State in general. His pamphlet may be divided into two parts: one, historico-literary, containing valuable material for the history of the ideas of Stirner, Proudhon and others; the second, ignorant

and narrow-minded, containing a clumsy disquisition on the theme "that an anarchist cannot be distinguished from a bandit," an amusing combination of subjects and most characteristic of the entire activity of Plekhanoff on the eve of revolution and during the revolutionary period in Russia. Indeed, in the years 1908 to 1917, Plekhanoff showed himself to be half doctrinaire and half philistine, walking politically in the wake of the bourgeoisie.

We saw how Marx and Engels, in their polemics against the anarchists, explained most thoroughly their views on the relation of the revolution to the State. Engels, when editing in 1891 Marx's *Criticism of the Gotha Programme*, wrote that "we"—that is, Engels and Marx—"were then in the fiercest phase of our battle with Bakunin and his anarchists; hardly two years had then passed since the Hague Congress of the International" (the First). The anarchists had tried to claim the Paris Commune as their "own," as a confirmation of their teachings, thus showing that they had not in the least understood the lessons of the Commune or the analysis of those lessons by Marx. Anarchism has given nothing approaching a true solution of the concrete political problems: are we to *break* up the old State machine, and what shall we put in its place?

But to speak of *Anarchism and Socialism*, leaving the whole question of the State out of account and taking no notice at all of the whole development of Marxism before and after the Commune—that meant an inevitable fall into the pit of opportunism. For that is just what opportunism wants—to keep these two questions in abeyance. To secure this is, in itself, a victory for opportunism.

2. Kautsky's Controversy With the Opportunists.

Undoubtedly an immeasurably larger number of Kautsky's works have been translated into Russian than into any other language. It is not without some justification that German Social-Democrats make sometimes the joke that Kautsky is more read in Russia than in Germany—and we may say, in parentheses, that there is deeper historical significance in this joke than those who first made it suspected. For in 1905

the Russian workers manifested an extraordinarily strong, an unexampled demand for the best works, the best Social-Democratic literature in the world, and translations and editions of these works appeared in quantities unheard of in other countries. Thereby with one sweep the immense experience of the neighboring, more advanced, country, was transplanted on to the almost virgin soil of our proletarian movement.

Besides his popularization of Marxism, Kautsky is particularly well known in our country by his controversies with the opportunists, with Bernstein at their head. But one fact is almost unknown, which, however, cannot be passed over if we are to apply ourselves to the task of investigating how it was that Kautsky rolled down into the disgraceful morass of confusion and defence of social chauvinism at the time of greatest crisis in 1914-15. This fact is that before he came forward against the best-known representatives of opportunism in France (Millerand, Jaurès), and Germany (Bernstein), Kautsky had shown very great vacillation.

The Russian Marxist journal, *The Dawn*, which was published at Stuttgart in 1901-2, and advocated revolutionary proletarian doctrines, had to call Kautsky to account, denouncing his resolution at the Paris International Socialist Congress of 1900 as a "piece of elastic," because of its evasive, temporizing and conciliatory attitude towards the opportunists. Letters have been published from Kautsky's pen in Germany revealing no less hesitancy before he took the field against Bernstein. Of immeasurably greater importance, however, is the circumstance that, in his very debates with the opportunists, in his formulation of the question and his method of treating it, we can observe now that we are investigating the history of his latest betrayal of Marxism, his systematic gravitation towards opportunism, and that precisely on this question of the State.

Let us take Kautsky's first big work against opportunism: *Bernstein and the Social-Democratic Programme*. Kautsky refutes Bernstein in detail: but the characteristic thing about it is this: Bernstein, in his famous, or infamous, *Socialist Fundamentals*, accuses Marxism of Blanquism, an accusation since repeated thousands of times by the opportunists and

liberals of Russia against the representatives of revolutionary Marxism, the Bolsheviks. In this connection Bernstein dwells particularly on Marx's *Civil War in France*, and tries—as we saw, quite unsuccessfully—to identify Marx's view of the lessons of the Commune with that of Proudhon. He also pays particular attention to Marx's conclusion, emphasized by him in his preface of 1872 to the *Communist Manifesto* to the effect that "the working class cannot simply lay hold of the ready-made State machine, and set it going for its own purposes." The dictum pleased Bernstein so much that he repeated it no less than three times in his book—interpreting it in the most distorted opportunist sense. We have seen what Marx means—that the working class must *shatter, break up, blow up* (*sprengen*, explode, is the expression used by Engels) the whole State machine; whereas according to Bernstein it would appear as though Marx by these words warned the working class *against* excessive revolutionary zeal when seizing power.

One cannot imagine a more vulgar and discreditable perversion of Marx's ideas. How, then, did Kautsky act in his detailed refutation of Bernsteinism?

He avoided the examination of the entire enormity of the perversion of Marxism on this point. He cited the above-quoted passage from Engels' preface to Marx's *Civil War in France*, saying that, according to Marx, the working class cannot *simply* take possession of the ready-made State machine, but, generally speaking, it *can* take possession of it—and that is all. . . . As for the fact that Bernstein attributed to Marx the direct opposite of the latter's real views, and that the real task of the proletarian revolution, as formulated by Marx ever since 1852, was the *shattering* of the State machine—not a word of all this is to be found in Kautsky. The result was that the most important distinction between Marxism and opportunism on the question of the proletarian revolution was glossed over! "The solution of the problem of the proletarian dictatorship," wrote Kautsky, "in opposition" to Bernstein, "we can safely leave to the future" (p. 172, German edition).

This is not a polemic *against* Bernstein, but really a concession to him, a surrender of the position to opportunism:

for at present the opportunists ask nothing better than "safely to leave to the future" all the fundamental questions of the proletarian revolution.

Marx and Engels, from 1852 to 1891—for forty years—had taught the proletariat that it must *break* the State machine; but Kautsky, in 1899, confronted on this point with the complete betrayal of Marxism by opportunists, fraudulently substitutes the question as to the concrete forms of the destruction of the State machine in the place of the more general one about the necessity of destroying it, and then saves himself behind the screen of the "indisputable"—and barren—truth, that concrete forms cannot be known in advance. . . .

Between Marx and Kautsky, between their respective attitudes to the problem before the proletarian party as to how to prepare the working class for revolution, there is a wide abyss.

Let us take the next, more mature, work by Kautsky, also devoted, to a large extent, to a refutation of opportunist errors. This is his pamphlet on the *Social Revolution*. The author chose here as his special theme the question of "the proletarian revolution" and the "proletarian régime." He gave us here much valuable matter; but just this question of the State was *ignored*. Throughout the pamphlet the author speaks of the conquest of the power of the State—and that is all. That is to say, the question is so formulated as to constitute a concession to opportunism, since the possibility of the conquest of power is admitted *without* the destruction of the State machine. The very thing which Marx, in 1872, had declared to be out of date in the programme of the *Communist Manifesto* is revived by Kautsky in 1902!

The pamphlet also contains a special paragraph on "the forms and weapons of the social revolution." Here he treats of the general political strike, of the question of civil war, and of "the instruments of force at the disposal of the modern large States such as the bureaucracy and the Army"; but of that which the Commune had already taught the workers, not a syllable. Evidently Engels had issued no idle warning, for the German Social-Democrats particularly, against "superstitious reverence" for the State.

Kautsky propounds the matter thus: the victorious proletariat "will realize the democratic programme," and he formulates its clauses; but of what the year 1871 has taught us about the middle class democracy being replaced by a proletarian one—not a word. He disposes of the question by such plausible banalities as: "It is obvious that we shall not attain supremacy under the present order of things. Revolution itself presupposes a prolonged and far-reaching struggle which, as it proceeds, will change our political and social structure."

"Obvious" this undoubtedly is: as much as that horses eat oats, or the Volga flows into the Caspian Sea. The only pity is that he should use this empty and bombastic phrase "far-reaching" to slur over the essential question for the revolution proletariat as to *wherein* exactly lies this "far-reaching" nature of its revolution in respect of the State and democracy, as distinguished from the non-proletarian revolutions of the past.

Here is a most important point, by ignoring which Kautsky, in point of fact, gives over the whole position to the opportunists, whilst declaring war against them in awe-inspiring words, emphasizing the importance of the "idea of revolution"—how much is this "idea" worth, if one is afraid to propagate it among the workers?—or "revolutionary idealism above all . . .," declaring that the English workers represent now little more than a lower middle class. . . .

"In a Socialist society [Kautsky writes] there can exist, side by side, the most varied forms of industrial undertakings—bureaucratic [??] trade unionist, co-operative, individual." "There are for, instance, such enterprises as cannot do without a bureaucratic [??] organization: such are the railways. Here democratic organization might take the following form: The workers elect delegates, who form something in the nature of a parliament, and this parliament determines the conditions of work, and superintends the management of the bureaucratic apparatus. Other enterprises might be handed over to the workers' unions, which again could be organized on a co-operative basis."

This view is erroneous, and represents a step backward by comparison with the deductions of Marx and Engels in the 'seventies from the example of the Commune.

So far as this assumed necessity of "bureaucratic" organization is concerned, there is no difference whatever between railways and any other form of big industry, any factory, great commercial undertaking or extensive capitalist farm. The conduct of all such enterprises requires the strictest discipline, the nicest accuracy in the apportionment of the work, under peril of damage to mechanism or product, or even the confusion and stoppage of the whole business. In such enterprises the works will, of course, "choose delegates who will form something in the nature of a parliament."

But herein lies the crux: this "something in the nature of a parliament" will not be a parliament in the middle class sense. Kautsky's ideas do not go beyond the boundaries of middle class parliamentarism. "This something in the nature of a parliament" will not merely "determine the conditions of work, and superintend the management of the bureaucratic apparatus," as imagined by Kautsky. In a Socialist society, this "something in the nature of a parliament," consisting of workers' delegates, will determine the conditions of work, and superintend the management of the "apparatus"—but this apparatus will not be "bureaucratic." The workers, having conquered political power, will break up the old bureaucratic apparatus, they will shatter it from its foundations up, until not one stone is left standing upon another; and the new machine which they will fashion to take its place will be found out of these same workers and employees themselves. To guard against their transformation into bureaucrats, measures will be taken at once, which have been analyzed in detail by Marx and Engels: (1) Not only will they be elected, but they will be subject to recall at any time. (2) They will receive payment no higher than that of ordinary workers. (3) There will be an immediate preparation for a state of things when *all* shall fulfill the functions of control and superintendence, so that *all* shall become "bureaucrats" for a time, and no one should, therefore, have the opportunity of becoming "bureaucrats" at all.

Kautsky has not reflected at all on Marx's words: "The Commune was not a parliamentary, but a working corporation, at one and the same time making the laws and executing them." He has not in the least understood the difference

between a middle class parliament combining democracy (not for the people) with bureaucracy (against the people), and proletarian democracy, which will take immediate steps to cut bureaucracy down at the roots, and which will be able to carry out measures to their logical conclusion, to the complete destruction of bureaucracy, and the final establishment of democracy for the people. Kautsky reveals here again the same old "superstitious respect" for the State, and "superstitious faith" in bureaucracy.

Let us pass to the last and best of Kautsky's works against the opportunists, his pamphlet, *The Road to Power*, published in 1909. This pamphlet constitutes a considerable step in advance inasmuch as it does not treat of the revolutionary programme in general (as in the book of 1899 against Bernstein), nor of the problems of a social revolution independently of the time of its occurrence (as in the pamphlet, "The Social Revolution," of 1902), but of the concrete conditions which compel us to recognize that the revolutionary era is *approaching*.

The author distinctly points out the intensification of class antagonisms in general and the growth of imperialism, which plays a particularly important part in this connection. After the "revolutionary period of 1789-1871" in Western Europe, an analogous period begins for the East in 1905. A world war is coming nearer with threatening rapidity. "The proletariat can no longer talk of a premature revolution." "We have entered upon a revolutionary period." "The revolutionary era is beginning."

These declarations are perfectly clear. The pamphlet offers us a measure of comparison between the high promise of German Social-Democracy before the imperialist war and the depth of degradation to which it fell—carrying with it Kautsky himself—when the war broke out. "The present situation," Kautsky wrote in the pamphlet under review, "contains this danger, that we, the German Social-Democracy, may easily be considered more moderate than we are in reality." But when it came to the test, the German Social-Democratic Party turned out even more moderate and opportunist than it had seemed. It is the more characteristic that, side by side with such definite declarations regarding the revo-

lutionary era already upon us, Kautsky, in the pamphlet which he says himself is devoted to precisely the "political revolution," again quite passes over the question of the State.

The sum total of these evasions of the subject, omissions and shufflings inevitably led to that complete surrender to opportunism of which we shall soon have to speak.

German Social-Democracy, as it were, in the person of Kautsky, declared: I still uphold revolutionary views (1899); I recognize, in particular, the inevitability of the social revolution of the proletariat (1902); I recognize that a new revolutionary era is upon us (1909); still I disavow that which Marx said so early as 1852—if once the question is definitely raised as to the tasks confronting a proletarian revolution in respect to the State (1913).

It was precisely in this bald form that the question was put in the debate with Pannekoek.

3. *The Debate Between Kautsky and Pannekoek.*

Pannekoek came out against Kautsky as one of the representatives of the "Left Radical" group, which counted in its ranks Rosa Luxemburg, Karl Radek, and others, which, while upholding revolutionary tactics, was united in the conviction that Kautsky was passing over to a "central" position, wavering, without principle, between Marxism and opportunism. The correctness of this view has been fully proved by the war, when this "central" current of Kautskianism, wrongly called Marxist, revealed itself in all its pitiful helplessness.

In an article touching on the question of the State, entitled "Mass Action and Revolution" ("Neue Zeit," 1912, xxx., 2), Pannekoek characterized Kautsky's position as an attitude of "passive radicalism," as "a theory of inactive expectancy." "Kautsky does not want to see the process of revolution" (p. 616). In treating this subject, Pannekoek approached the problem which interests us, of the tasks of a proletarian revolution in relation to the State.

"The struggle of the proletariat [he wrote] is not merely a struggle against the capitalist class to control the State, but a struggle against *the State*. . . . The essence of a

proletarian revolution is the destruction of the organized forces of the State, and their forcible suppression ("ablösung") by the organized forces of the proletariat. . . . Until the entire State organization is destroyed, the struggle will not end. That is its aim. The organization of the majority demonstrates its superiority by destroying the organized force of the ruling minority" (p. 548).

Pannekoek did not expound his ideas very skilfully, but the ideas are sufficiently clear; and it is interesting to note how Kautsky combatted them. "Up till now," he wrote, "the difference between Social-Democrats and anarchists has consisted in this: the first desired to conquer the State authority, while the anarchists' aim was to destroy it: Pannekoek wants to do both" (p. 724). If Pannekoek's exposition lacks precision and concreteness—not to speak of other defects which have no bearing on the present subject—Kautsky seized on just that one point in Pannekoek's article which is the essence of the whole matter; and *on this fundamental question of principle* Kautsky forsakes the Marxian position entirely and surrenders himself without reserve to the opportunists. His definition of the difference between Social-Democrats and anarchists is absolutely wrong; and Marxism is finally vulgarized and distorted.

This is what the difference between the Marxists and anarchists is: (1) The Marxists aim at the complete destruction of the State, but recognize that this aim is only attainable after the extinction of classes by a Socialist revolution as the result of the establishment of Socialism, leading to the withering away of the State. The anarchists, on the other hand, want the complete destruction of the State within twenty-four hours, and do not understand the conditions under which alone such a destruction can be carried out. (2) The Marxists recognize that when once the proletariat has won political power it must utterly break up the old machinery of the State, and substitute for it a new machinery of organized armed workers, after the type of the Commune. Anarchists on the other hand, while advocating the destruction of the State, have no clear idea as to *what* the proletariat will put in its place and how it will use its revolutionary power; they

even deny that the revolutionary proletariat has any necessity to make use of the State and to establish its revolutionary dictatorship. (3) Marxists insist upon making use of the modern State as a means of preparing the workers for revolution; anarchists reject all this.

In this controversy it is Pannekoek, not Kautsky, who represents Marxism, seeing that it was Marx himself who taught that the mere transference of the State machine into new hands is no conquest of power at all: the proletariat must smash up this apparatus and replace it by something altogether new. Kautsky rats from Marxism to the opportunists, because, under his hands, this destruction of the State, which is utterly repugnant to the opportunists, completely disappears. Nothing remains but an opportunist loophole in his interpretation of "conquest" as the gaining of a majority.

In order to cover up his distortion of Marxism, Kautsky radiates erudition, offering as "quotations" from Marx himself. Marx wrote in 1850 of the necessity of "a decisive centralization of force in the hands of the State"; and Kautsky triumphantly asks: Does Pannekoek want to destroy "Centralism"? This is nothing but a conjuring trick. It is the same sort of thing as Bernstein's identification of the views of Marx and Proudhon on Federation versus Centralism.

Kautsky's "quotation" is neither here nor there. The new form of the State admits Centralism as much as the old; if the workers voluntarily unify their armed forces, this will be centralism: but it will be based on the complete destruction of centralized government apparatus—the army, police, bureaucracy. Kautsky's behavior is certainly not honest here; the well-known dissertations of Marx and Engels on the Commune are ignored in favor of a quotation which has no relevance at all.

"Perhaps Pannekoek wants to destroy the State functions of the officials? [Kautsky continues]. But we cannot do without officials even in our party and trade union organizations, much less in the State administration. For State officials our programme demands, not annihilation, but election by the people. It is not a question as to the precise form which the administrative apparatus will take in

the future State, but as to whether our political struggle destroys (literally: dissolves, "auflöst") the State *before we have conquered it* [Kautsky's italic]. What Ministry with its officials, could be destroyed? [Here follows an enumeration of the Ministries of Education, Justice, Finance and War]. No, not one of the present Ministries will be abolished in our political struggles against the Government. . . . I repeat, to avoid misunderstanding, it is not here a question as to what form a victorious Social-Democracy will give to the 'future State,' but as to how our opposition changes the present State" (p. 725).

This is an obvious trick: *Revolution* was the question Pannekoek raised. Both the title of his article and the passages quoted above clearly enough show that. But Kautsky shifts and changes the point of view from one of revolution to one of opportunism, when he jumps over to the question of "opposition." According to him, we must for the present confine ourselves to opposition; *after* we have won power we can have a talk about other things. *The revolution has vanished*: that is precisely what the opportunists wanted.

Opposition and general political struggle is beside the point; we are concerned with the *revolution*. And revolution is when the administrative apparatus and the whole machinery of government are destroyed, and a new proletarian power of the armed workers has filled their place.

Kautsky reveals a "superstitious respect" for the Ministries: but why cannot they be replaced, say by committees of specialists working under sovereign all-powerful councils of workers' and soldiers' delegates? The essence of the matter is not at all whether the Ministries shall remain or be turned into committees of specialists or any other kind of institution; all this is quite unimportant. The main thing is, whether we are still to have the old machinery of government, saturated through and through with routine and inertia, and connected by thousands of threads with the capitalist class; or shall it be broken up and replaced by something altogether new? The essence of revolution is not that a new class shall govern by means of the old governmental machinery, but that

it shall smash up this machinery and govern by means of a new machine.

This is a fundamental idea of Marxism, which Kautsky either conceals or has not understood at all. This question of his about officials makes it plain how little he has understood the lessons of the Commune or the teachings of Marx. "We cannot do without officials even in our party and trade union organization"—we cannot do without officials under "capitalism," the domination of the middle class. The proletariat is oppressed, the laboring masses are enslaved by capitalism; democracy is narrowed, crushed, curtailed, mutilated by capitalism, wage-slavery, the poverty and misery of the masses. It is precisely the conditions of life under capitalism which are the cause, and there is no other, why the officials of our political parties and trade unions are corrupt—or, rather, have the tendency to become corrupt, to become bureaucrats, that is, privileged persons detached from the masses, *and standing above them*. That is just the essence of bureaucracy, and until the capitalists have been expropriated and the bourgeoisie overthrown, nothing can prevent even workers' officials from being to some extent "bureaucratized."

From what Kautsky says, one might think that a Socialism with elected employees would still tolerate bureaucrats and bureaucracy. That is the grand falsehood. Marx took the example of the Commune to show that under Socialism the workers' employees will cease to be "bureaucrats" and "officials"—especially when election is supplemented by the right of immediate recall; still more, when their pay is brought down to the level of the pay of the average worker; and still more again, when parliamentary institutions are replaced by "working bodies which both make and apply the laws."

All Kautsky's arguments against Pannekoek, and particularly his triumphant point that we cannot do without officials even in our parties and trade unions, show nothing so much as that Kautsky has adopted the old "arguments" of Bernstein against Marxism itself. Bernstein's renegade book, *Socialist Fundamentals*, is an attack on "primitive" democracy—"doctrinaire democracy" as he calls it—on imperative mandates, functionaries who receive no remuneration, impotent

central representative bodies, and so on. British trade union experience, as interpreted by the Webbs, is Bernstein's proof of how untenable "primitive democracy" is. Seventy odd years of development "in absolute freedom" (p. 137, German edition), have, forsooth, convinced the trade unions that primitive democracy is useless, and led them to replace it by ordinary parliamentarism combined with bureaucracy.

But the "absolute freedom" in which the trade unions developed was in reality *complete capitalist enslavement* under which—what more natural?—"one cannot do without" concessions to the evil power of force and falsehood by which the "lower" orders are excluded from the affairs of the "higher" administration.

Under Socialism much of the primitive democracy will inevitably be revived. For the first time in the history of civilized nations, the *mass* of the population will rise, beyond voting and elections, to a direct control of the every-day administration of the affairs of the nation. Under Socialism, *all* will take a turn in management, and will soon become accustomed to the idea of no managers at all.

Marx's wonderful critico-analytical mind perceived that the practical measures of the Commune contained that revolutionary departure of which the opportunists are afraid, and which they do not want to recognize, out of cowardice, out of reluctance to break irrevocably with the bourgeoisie; and which the anarchists do not want to perceive either through haste or a general want of comprehension of the conditions of great social transformations. "One must not even think of such a thing as the break up of the old machinery of government, for how shall we do without ministries and without officials?"—thus argues the opportunist, saturated through and through with philistinism, and in reality not merely bereft of faith in revolution, in the creative power of revolution, but actually in deadly fear of it (like our Social-revolutionaries and Mensheviks). "One must *only* think of the destruction of the old machinery of government: never mind searching for concrete lessons in earlier proletarian revolutionary movements, or analyzing *by what and how* to replace what has been destroyed":—thus argues the anarchist: that is, the best of the anarchists, not those who followed,

with Kropotkin and Co., in the train of the bourgeoisie; and consequently, the tactics of the anarchist become the tactics of despair instead of a revolutionary grappling with concrete problems—ruthless, courageous and, at the same time, cognizant of the conditions under which the masses progress.

Marx teaches us to avoid both classes of error. He teaches us dauntless courage to destroy the old machinery of government, and at the same time shows us how to put the question concretely: The Commune was able, within a few weeks, to start the building of a new proletarian State machinery by introducing the measures indicated above to secure a wider democracy, in which bureaucracy should be uprooted. Let us learn revolutionary courage from the Communards. In their practical measures we can see *an indication* of practical, everyday and immediately possible measures: it is along such a path that we shall arrive at the complete destruction of bureaucracy.

It can be destroyed. When Socialism has shortened the working day, raised the masses to a new life, created such conditions for the majority of the population as to enable everybody, *without exception*, to perform the functions of government, then every form of the State will completely wither away.

"To destroy the State [Kautsky wrote] can never be the object of a general strike, but only to wring concessions from the government on some particular question, or to replace a hostile government by one willing to meet the proletariat half way. . . . But never, under no conditions, can it [a proletarian victory over a hostile government] lead to the destruction of the State. It can lead only to a certain rearrangement ("Verschiebung") of forces *within the State*. . . . The aim of our political struggle, then remains as before, the conquest of power within the State by the gaining of a majority in Parliament, and the conversion of Parliament into the master of the government" (pp. 726, 727, 732).

This is nothing but the most vulgar opportunism: a repudiation of revolution in deeds, whilst upholding it in words.

Kautsky's imagination goes no further than a "government willing to meet the proletariat half way"—further backwards towards philistinism than we were in 1847, when the "Communist Manifesto" proclaimed "the organization of the proletariat as the ruling class." Kautsky will have to realize his beloved "unity" with the Scheidemanns, Plekhanoffs and Vanderveldes: all the lot will agree to fight for a government "meeting the proletariat half way."

But we shall go forward to a break with these traitors to Socialism. We are working for a complete destruction of the old machinery of government, in such a way that the armed workers themselves *shall be the government*, which will be a very different thing. Kautsky may enjoy the pleasant company of the Legiens, Davids, Plekhanoffs, Potressoffs, Tseretellis and Tchernoffs, who are quite willing to work for the "rearrangement of forces within the State . . . the gaining of a majority in Parliament, and the supremacy of Parliament over the government." A most worthy object, wholly acceptable to the opportunists, in which everything remains within the framework of a middle class parliamentary republic.

We, however, shall go forward to a break with the opportunists. And the whole of the class conscious proletariat will be with us—not for a "rearrangement of forces," *but for the overthrow of the capitalist class, the destruction of bourgeois parliamentarism, the building up of a democratic republic after the type of the Commune or a republic of Soviets (Councils) of workers' and soldiers' deputies—the revolutionary dictatorship of the proletariat.*

Further to the "right" of Kautsky there are, in international Socialism, such tendencies as the "Socialist Monthly" ("Sozialistische Monatshefte") in Germany (Legien, David, Kolb and many others, including the Scandinavians, Stauning and Branting); the followers of Jaurès and Vandervelde in France and Belgium; Turati, Treves and other representatives of the right-wing of the Italian party; the Fabians and "Independents" (the Independent Labor Party, dependent, as a matter of fact, always on the Liberals) in England; and similar sections. All these gentry, while playing a great, very

often a predominant role, in parliamentary work and in the journalism of the party, decisively reject the dictatorship of the proletariat and carry out a policy of unconcealed opportunism. In the eyes of these gentry, the dictatorship of the proletariat "contradicts" democracy! There is really nothing seriously to distinguish them from lower middle class democrats.

Taking these circumstances into consideration, we have a right to conclude that the Second International, in the persons of the overwhelming majority of its official representatives, has completely sunk down into opportunism. The experience of the Commune has been not only forgotten, but distorted. So far from making vivid in the workers' minds the near approach of the time when they are to smash the old machinery of the State and substitute a new one, thereby making their political domination the foundation for a Socialist reconstruction of society, they have actually taught the workers the direct opposite of this, and represented the "conquest of power" in a way that left thousands of loopholes to opportunism.

It was a fateful thing to have confused and hushed up the question of the relation of a proletarian revolution to the State at a time when the States, with their swollen military apparatus in a whirlwind of Imperialist rivalry, had become monstrous beasts devouring the lives of millions of peoples, in order to decide whether England or Germany—this or that group of financial capitalists—should dominate the world.

END OF PART I.

AFTERWORD

This little book was written in August and September, 1917. I had already drawn up the plan for the next, the seventh chapter, on the experiences of the Russian Revolutions of 1905 and 1917. But, apart from the title, I had not succeeded in writing a single line of the chapter, being prevented therefrom by a political crisis—the eve of the November Revolution of 1917. Such a hindrance can only be welcomed. However, this final part of the book devoted to the lessons of the Russian Revolutions of 1905 and 1917, will probably have to be put off for a long time. It is more pleasant and more useful to live through the experience of a revolution than to write about it.

—THE AUTHOR.

Petrograd,
(Nov. 30th) Dec. 12th, 1917.

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